

Michigan County Road Commission Self-Insurance Pool

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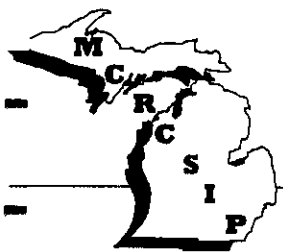
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Introductory Section



MICHIGAN COUNTY ROAD COMMISSION SELF-INSURANCE POOL

Board of Directors

May 30, 2006

Chairman
Sharon K. Hice
Eaton

Vice Chairman
Lonny L. Lutke
Missaukee

Jeff J. Best
Kent

Donald M. Maronde
St. Clair

Chalmers A. McGreaham
Iron

Dorothy G. Pohl
Ionia

Michael A. Roper
Oshtemo

Kenneth A. Rowe
Houghton

Karl A. Schmidt
Jackson

Administrator
Thomas P. Brouwer

Assistant Administrator
Finance/Administration

Board Treasurer
Gayle A. Pratt

Assistant Administrator
Loss Control
Michael E. Shultz

Board Secretary
Kay Newberry

Board of Directors
Michigan County Road Commission
Self-Insurance Pool
417 Seymour Street
Lansing, Michigan 48933

Dear Board of Directors:

County road commissions in the State of Michigan established and created a Trust Fund, known as the Michigan County Road Commission Self-Insurance Pool (MCRCSIP), pursuant to the provision of Act 138 of the Michigan Public Acts of 1982 and began providing services April 1, 1984. This statewide self-insurance pool was established to provide for joint and cooperative action relative to Members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities within the State.

The MCRCSIP is funded by a yearly contribution assessment of its members with equity among the membership continuing as the primary goal of the Board's contribution policy. The policy calls for the use of various criteria to rate the different lines of coverage components and determine each member's contribution requirements. The criteria remained the same for the 2005/06 coverage year as 2004/05. The criteria and component composition for allocating the contribution requirements are:

General Liability – 50% based on exposure (miles & population); and 50% based on experience (using net paid capped losses)

Auto Liability – A rate per vehicle

Trunkline Liabilities (excluding General Liability) - An actuarially computed rate per mile

Employment Practices Liability/Errors & Omissions – A flat rate charge to all members, fifteen (15) percent of the total collected based on experience, fifty (50) percent of the remaining amount to be collected based on population and fifty (50) percent based on number of employees.

Umbrella – Rate is a percent of underlying coverage

Physical Damage – A rate per \$100 of value

Crime – A rate based on number of employees and the amount of coverage

417 Seymour Street
Post Office Box 14119
Lansing, MI 48901-4901

(517) 482-9166
(800) 842-4971

FAX: (517) 485-4809

New members may be accepted into the MCRCSIP upon application and approval from the Board of Directors. Prospective new members are underwritten using data obtained through a new member survey and the best loss history data available.

FINANCIAL MANAGEMENT

The Comprehensive Annual Financial Report (CAFR) for the year ended March 31, 2006 is being submitted to the Board of Directors as suggested by the Association of Governmental Risk Pools (AGRIP) and the regulations of the State of Michigan, Office of Financial and Insurance Services (OFIS). Responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with management. We believe this information is accurate in all material aspects; that it is presented in a manner designed to fairly state the financial position and results of operations of the MCRCSIP.

The Pool adopts annual budgets that are controlled by the major object classifications of Administration/Loss Control, TPA Service Fee, Investment Fees, MCCA Fees, Assigned Claims Facility and Excess Insurance. Budget to Actual financial reports are presented to the board at all regular meetings.

The MCRCSIP's books are recorded on the accrual basis in accordance with generally accepted accounting principles and the GASB. Operating revenue is defined as member contributions. Operating expenses are defined as all expenses incurred related to claims management and settlement, excess insurance coverages, and administration. Nonoperating revenue and expenses are defined as investment income earned (net of expenses), and net rental income earned for the use of our building by outside parties (net of related expenses). All revenue is recorded in the period to which it applies, and all expenses are recognized in the period they are incurred. We apply all applicable Financial Accounting Standards Board pronouncements issued prior to November 30, 1989 for our proprietary operations. Estimated claim losses are accrued based on the estimate of claims that will be ultimately filed and paid for each insurance period. Management of the MCRCSIP is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the MCRCSIP are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Assets of the MCRCSIP are invested in accordance with Section 10, of Act No. 138, Michigan Public Acts of 1982, and the policies adopted by the MCRCSIP Board of Directors.

Plante & Moran, PLLC Certified Public Accountants, provide an objective, independent review of the fairness of the MCRCSIP's reported financial position and results of operations. Their examination includes the auditing procedures, which they deem necessary to express an opinion as to the fairness of the financial statements.

Beginning September, 1993, Milliman was hired by the Board of Directors to perform an annual independent actuarial review which confirms the adequacy and reasonableness of the liabilities recorded as "allowances for unsettled claims and claims incurred but not reported (IBNR)". Their report is also submitted to the Board.

THE ANNUAL REPORT

Part I – Introductory Section: Contains information regarding the MCRCSIP's management structure, executive officers, and financial reporting requirements set forth in the MCRCSIP bylaws, as presented to the governing body by the principal financial officer. This information provides the basis for understanding the CAFR.

Part II – Financial Statements: Includes Management's Discussion and Analysis, and the financial statements as prepared from the MCRCSIP's books and records for the twenty-second fiscal year of operations. The MCRCSIP's independent accountants, Plante & Moran, PLLC have examined the financial section. Copies of their report letter, dated May 30, 2005 are included in the CAFR as indicated in the table of contents.

Part III – Required Supplementary Information and Other Supplementary Information: Contains certain data pertaining to cumulative claim activity, loss development, comparative financial information, and demographic data which will be of general interest to the members. It is expected that this database will be expanded in future years for historical and comparative purposes.

FINANCIAL HIGHLIGHTS

Financially, we had a successful year.

Member contribution revenue was lower this year than last year, primarily due to the reduction in excess insurance costs for equipment physical damage coverage.

Terri Kelley, Langan & Co., is responsible for negotiating the Excess/Reinsurance package. Due to catastrophes, such as the hurricanes in the South, the insurance market continues to be a difficult environment in which to work, however, Terri was successful in putting a package together that was less costly than last year. Details of the package are included in the Management's Discussion & Analysis report in the CAFR.

Claim expenses are down by almost \$5 million over last year due to the reduction in the actuarial estimates for this year. This happened because Specialty Claims Services was able to successfully negotiate positive settlements on some of our potentially large, outstanding claims and because of significant changes in our statutory responsibility due to recent Supreme Court decisions.

Our investments provided a 9.1% return that translated into \$6.5 million dollars (before fees) on our Statement of Revenues, Expenses, and Changes in Net Assets.

We saw a reduction in Administrative expenses this year of just over \$28,000 primarily due to the fact that this year we were not scheduled to obtain a claims audit or property appraisals. I would expect that next year these expenses will return to their 2005 levels.

Due to positive results from the management of the previous years' claims expenses and the good returns on our investment portfolio, we were able refund \$6.5 million to our members in August 2005.

COST CONTAINMENT

Loss Prevention/Training continues to be of primary importance to the MCRCSIP. To this end, both Mike Shultz and Mike Phillips continue to spend 100% of their time devoted to this service. Their efforts continue to be centered on Training Sessions and Loss Control Visits to member facilities and work areas. The goal of the training opportunities and the visits is to assist members in making their work environment as safe as possible for their employees as well as protecting the general public. Mike and Mike have conducted a total of 277 service visits during 2005/06; advised members of 1,153 safety audit recommendations; conducted 68 training sessions during which more than one subject was usually discussed; participated in numerous workshops, seminars and special presentations; drove a total of 6,745 surveillance miles; and more than 54,218 vehicle miles. They also wrote 14 articles for the Pool Cue.

Mike Shultz continues to oversee the MCRCSIP Member Loss Control Committee with sub-committees representing the many areas of member loss exposure. Members on this committee and its sub-committees consist of representatives from each road commission council in the State. The goal for the committee is to discuss and recommend focus areas for the MCRCSIP to use in assisting our members in their goal to make their counties as safe as possible.

MAJOR INITIATIVES

The information systems continued to be of primary importance during 2005/06. A new IT Consultant was hired and was able to help us "fine tune" the basic network and strengthen the system's security from Internet threats. Our Website was updated and given a completely new look. During the year, a new Loss Control Section was added to our website. An enhancement to our property management computer program was developed to compute the member liability contribution amounts, and to print annual contribution invoices. The new program was tested during the 2006/07 renewal and was found to be accurate when compared to the amounts calculated using spreadsheets as done previously. The next fiscal year will see further improvements in our website, and increased use of electronic documents at our offices. It will continue to be our challenge to identify the most effective ways to use technology to improve member services and streamline administrative operations.

Upon completion of an Asset Allocation study conducted by the board's investment consultant, Brian Brice of Merrill Lynch – The Brice Group, you decided to diversify the investments by allocating a portion of our portfolio to Small Cap Stocks and a portion to International Stocks. This decision has proven to be very profitable during the 2005/06 year.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Michigan County Road Commission Self-Insurance Pool (MCRCSIP) for its comprehensive annual financial report (CAFR) for the fiscal year ended March 31, 2005. This was the ninth consecutive year that the MCRCSIP has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for certificate number ten.

The Michigan County Road Commission Self-Insurance Pool continues to be recognized by the Association of Governmental Risk Pools (AGRIP) for being in general compliance with AGRIP's pool management advisory standards.

CONCLUDING COMMENTS

It is my privilege to report that as of March 31, 2006, the MCRCSIP has concluded another successful year of operations. During 2006 the Michigan Supreme Court made another ruling that was very favorable to the road agencies in Michigan. The court further defined the liability of road commissions to the "road surface designed for vehicle travel" and excluded shoulders from this definition because they are not designed for travel. This new ruling will significantly reduce our exposure to lawsuits and should have a very favorable impact on our future cost of doing business. While our overall exposure, as calculated by our actuaries, continues to decrease, we continue to have a number of claims in the EPL, Property, and Equipment Physical Damage exposure areas. Our Loss Control efforts for 2006/07 will continue to be concentrated in these areas as we visit our membership and promote training sessions for all levels of employees. Your staff will continue to monitor the exposures and claims and will suggest further actions if they become necessary.

The MCRCSIP investment portfolio did quite well in 2005/06 in large part due to your decision to diversify and add small cap and international stocks to the portfolio. All four of our investment managers have worked hard to provide a positive return for the MCRCSIP for 2005/06 and we thank them for a job well done.

Our staff members and vendors have continued to do an exemplary job in support of your positive dedicated leadership and the active support and cooperation of the Membership. All of you continue to make being a part of the MCRCSIP family a real pleasure.

Thank you all for the opportunity!

Respectfully submitted,

A handwritten signature in black ink that reads "Thomas Brouwer". The signature is written in a cursive, flowing style with a large, prominent "T" and "B".

Thomas Brouwer
Administrator

Michigan County Road Commission Self-Insurance Pool

Certificate

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Michigan County
Road Commission Self-Insurance
Fund, Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2005

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Carla E. Perry

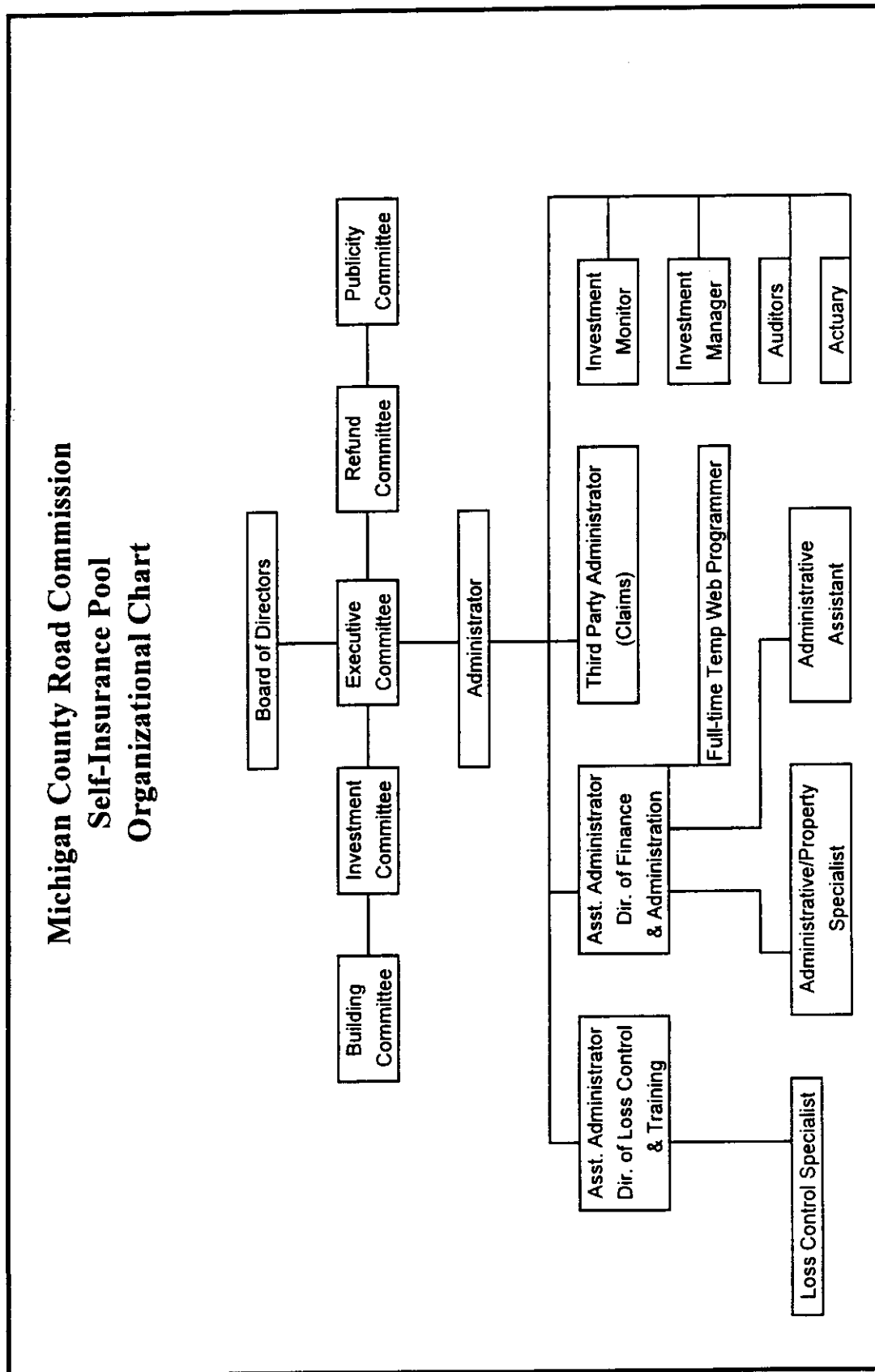
President

Jeffrey R. Enen

Executive Director

Michigan County Road Commission Self-Insurance Pool

Organizational Chart



Michigan County Road Commission Self-Insurance Pool

List of Officers and Committees

2005/2006 BOARD OF DIRECTORS

Sharon Hice Chairman
Eaton County Road Commission

Lonny Lutke Vice Chairman
Missaukee County Road Commission

Jeff Best Director
Kent County Road Commission

Lonny Lutke Director
Missaukee County Road Commission

Donald Maronde Director
St. Clair County Road Commission

Chalmers McGreahham Director
Iron County Road Commission

Dorothy Pohl Director
Ionia County Road Commission

Michael Roper Director
Otsego County Road Commission

Kenneth Rowe Director
Houghton County Road Commission

STAFF

Thomas Brouwer Administrator

Gayle Pratt Assistant Administrator
Director of Finance/Administration
Board Treasurer

Michael Shultz Assistant Administrator
Director of Loss Control/Training

Michael Phillips Senior Loss Control Specialist

Kay Newberry Administrative/Property Specialist
Board Secretary

Janet Wise Administrative Assistant

Financial Section

Independent Auditor's Report

To the Board of Directors
Michigan County Road Commission
Self-Insurance Pool

We have audited the basic financial statements of Michigan County Road Commission Self-Insurance Pool as of and for the years ended March 31, 2006 and 2005. These basic financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Michigan County Road Commission Self-Insurance Pool at March 31, 2006 and 2005 and the changes in financial position, including cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The management's discussion and analysis, schedule of claims information for all lines of coverages - fiscal year ended March 31, 2006, and the reconciliation of claims liabilities by type of contract are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Michigan County Road Commission Self-Insurance Pool. The schedule of changes in net assets by policy year for all open years from April 1, 1993 through March 31, 2006, the schedule of changes in net assets by policy year - fiscal year ended March 31, 2006, and the budget-to-actual table - twelve-month period ended March 31, 2006 have been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors
Michigan County Road Commission
Self-Insurance Pool

We have applied certain limited procedures to the management's discussion and analysis and schedule of claims information for all lines of coverages - fiscal year ended March 31, 2006 and the reconciliation of claims liabilities by type of contract, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and the statistical data listed in the statistical section of the table of contents have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

May 30, 2006

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of the statement of net assets, the statement of revenue, expenses, and changes in net assets, and the statement of cash flows. Along with the footnotes, they provide detailed financial information concerning the Michigan County Road Commission Self-Insurance Pool (the "Pool"). This section, the management's discussion and analysis, is intended to provide an overview of the Pool's financial condition, results of operations, and other key information.

Financial Overview

The Pool's operating objectives are to formulate, develop, and administer, on behalf of its members, a program of insurance to obtain lower costs for the coverages provided, and to develop a comprehensive loss prevention program. As of March 31, 2006, 78 county road commissions and one county water authority within the state of Michigan participate in the Pool (79 members).

Key financial statistics for the Pool would be the comparison of total member contributions to total estimated claims payments, measured discretely for each policy year. This comparison is known to the insurance industry as a "loss ratio."

	Policy Year Ended		
	2006	2005	2004
Total member contributions	\$ 19,196,911	\$ 19,721,992	\$ 18,561,140
Total estimated claim payments	\$ 14,071,010	\$ 9,931,359	\$ 7,994,393
Loss ratio	73.3%	50.4%	43.1%

"Total estimated claim payments" represents the sum of all claims paid through the fiscal year end, estimates of the possible amounts to be paid for all known (open) claims as established by the third-party administrator reserves, and an actuarially computed estimate of claims incurred but not reported. The methods of making such estimates are established according to industry practice, and are continuously reviewed by management. Changes to these estimates will have an impact on the reported results in future periods. Claim payments vary significantly from period to period because the ultimate amount paid for claims is dependent on the frequency and severity of claims filed, as well as negotiated settlements, jury decisions, court interpretations, and legislative changes.

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

To reduce exposure to large claims and aggregate policy year claims, the Pool enters into excess insurance contracts to recover losses in excess of stated amounts (self-insured retention amounts or "SIR") in the excess insurance contract. The self-insured retention amount for general and auto liability claims is \$2 million per occurrence with a policy year aggregate limit of \$12 million. The employment practices/public officials SIR is \$500,000 for each claim. Property coverage for buildings and contents is subject to a \$1 million SIR for any single loss, and for vehicles and equipment the SIR is \$150,000 per unit with a \$750,000 aggregate. The combined retention for all property damage due to a single event is \$1.5 million and the property policy's annual aggregate stop loss is \$2 million.

This year, the Pool's total assets increased by 5.8 percent (\$3.9 million) over last year, while liabilities decreased by \$5 million or 15.6 percent. This change is primarily due to a current year reduction of \$4.9 million in the actuarial component of the claim expense and net investment income of \$6.2 million. Combined with the stabilization of member contributions and administrative expenses, these factors resulted in an excess of revenue over expenses of more than \$8 million. Net assets increased \$8.9 million or 25 percent from a year ago.

Cash and investments made up 90 percent of total assets at March 31, 2006 and 99.5 percent of total assets at March 31, 2005. The balance sheet shows less cash and investments at the 2006 fiscal year end because the Pool was required to disburse a reinsurance premium for the 2006-2007 fiscal year on March 31 of this year. That amount (\$5,972,603) is reflected as a prepaid in the current asset section of the statement of net assets.

During the year, the building owned by the Pool required a new exterior facade. These improvements added approximately \$148,000 to the Pool's assets invested in capital assets.

Allowances for unsettled claims and claims incurred but not reported comprise 38 percent of the balance in total liabilities and net assets, which is 9.5 percent less than 2005. Due to the nature of self-insurance pools and the related claim reporting and settlement processes, it is anticipated, based on historical averages of the Pool, that approximately 18 percent of the estimated unsettled claims and claims incurred but not reported will be settled within one year.

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

The analysis below presents a comparison of the Pool's current year financial position to that of the prior two years:

	2006	2005	2004
Assets			
Cash, cash equivalents, and investments	\$ 64,102,349	\$ 66,170,231	\$ 66,434,344
Capital assets	414,883	281,752	306,999
Other assets	6,683,328	863,978	379,484
Total assets	<u>\$ 71,200,560</u>	<u>\$ 67,315,961</u>	<u>\$ 67,120,827</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 11,590	\$ 51,060	\$ 14,532
Allowances for unsettled claims and claims incurred but not reported	27,020,815	31,960,074	32,609,585
Total liabilities	27,032,405	32,011,134	32,624,117
Net Assets			
Invested in capital assets (restricted)	414,883	281,752	306,999
Unrestricted	43,753,272	35,023,075	34,189,711
Total net assets	44,168,155	35,304,827	34,496,710
Total liabilities and net assets	<u>\$ 71,200,560</u>	<u>\$ 67,315,961</u>	<u>\$ 67,120,827</u>

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

The following table shows the major components of income from operations for 2006, 2005, and 2004:

	2006	2005	2004
Revenue			
Member contributions	\$ 19,196,911	\$ 19,721,992	\$ 18,561,140
Other	<u>6,579,650</u>	<u>1,805,589</u>	<u>9,750,756</u>
Total revenue	25,776,561	21,527,581	28,311,896
Expenses			
Total provision for claims	(1,506,461)	(5,698,120)	(7,244,735)
Reinsurance and excess insurance			
premiums and state assessments	(6,750,211)	(6,663,120)	(6,526,885)
Service fee	(850,008)	(1,013,187)	(1,143,505)
Other	(380,347)	(290,176)	(294,767)
Administrative expenses:			
Salaries and wages	(403,346)	(367,364)	(340,081)
Taxes and insurance	(155,665)	(148,324)	(129,273)
Professional fees	(139,634)	(182,583)	(179,828)
Office expenses	(61,404)	(106,357)	(126,358)
Depreciation	(39,840)	(27,645)	(29,798)
Other	<u>(126,317)</u>	<u>(122,588)</u>	<u>(111,333)</u>
Total expenses	<u>(10,413,233)</u>	<u>(14,619,464)</u>	<u>(16,126,563)</u>
Excess of Revenue Over Expenses - Before			
distributions to members	15,363,328	6,908,117	12,185,333
Distributions to Members	<u>(6,500,000)</u>	<u>(6,100,000)</u>	<u>-</u>
Total Increase in Net Assets	<u>\$ 8,863,328</u>	<u>\$ 808,117</u>	<u>\$ 12,185,333</u>

The decrease in expenses is primarily due to the reduction in the actuarial component of the total provision for claims, as discussed previously. Other contributing factors are the 16.1 percent reduction in TPA service fees and a decrease in professional fees of 23.5 percent. A decrease of \$45,000 in office expenses was partially offset with an increase in salaries and wages and taxes and insurance due to the hiring of an IT professional that reduced outside consulting fees paid for network support, website design, and program development. Depreciation expense increased due to the building improvements added in 2006. There were minor increases in other expense categories.

Michigan County Road Commission Self-Insurance Pool

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Rates

The rates used to apportion the estimated costs of coverage for 2005-2006 policy year among the members remained substantially level for the past three fiscal years. The MCCA assessment increased over the rate assessed for 2005, as did the Assigned Claims Facility assessment.

We are unaware of any economic events or legislative events that would have a significant impact on the operations of the Pool.

Contacting the Pool's Management

This financial report is intended to provide our members and regulators with a general overview of the Michigan County Road Commission Self-Insurance Pool's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Assistant Administrator/Director of Finance and Administration, Michigan County Road Commission Self-Insurance Pool, P.O. Box 14119, Lansing, MI 48901.

Basic Financial Statements

Michigan County Road Commission Self-Insurance Pool

Statement of Net Assets

	March 31	
	2006	2005
Current Assets		
Cash and cash equivalents (Note 2)	\$ 1,066,929	\$ 20,398,485
Investments (Note 2)	63,035,420	45,771,746
Receivables:		
Accrued interest on investments	181,277	237,614
Members	4,766	14,945
Other	165	1,105
Note receivable (Note 7)	50,000	50,000
Prepaid reinsurance premiums	5,972,603	-
Total current assets	70,311,160	66,473,895
Capital Assets - Net (Note 3)	414,883	281,752
Note Receivable (Note 7)	299,530	384,878
Other Assets	174,987	175,436
Total noncurrent assets	889,400	842,066
Total assets	\$ 71,200,560	\$ 67,315,961
Current Liabilities		
Accounts payable	\$ 11,590	\$ 51,060
Current portion of allowances for unsettled claims and claims incurred but not reported (Note 5)	4,800,000	5,370,000
Total current liabilities	4,811,590	5,421,060
Long-term Liabilities - Allowances for unsettled claims and claims incurred but not reported - Net of current portion (Note 5)	22,220,815	26,590,074
Total liabilities	27,032,405	32,011,134
Net Assets		
Invested in capital assets	414,883	281,752
Unrestricted	43,753,272	35,023,075
Total net assets	44,168,155	35,304,827
Total liabilities and net assets	\$ 71,200,560	\$ 67,315,961

Michigan County Road Commission Self-Insurance Pool

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended March 31	
	2006	2005
Revenue - Member contributions	\$ 19,196,911	\$ 19,721,992
Expenses		
Provision for claims (Note 5):		
Payments	6,445,720	6,347,631
Decrease in allowances for unsettled claims and claims incurred but not reported	(4,939,259)	(649,511)
Reinsurance and excess insurance premiums and state assessments (Note 4)	6,750,211	6,663,120
Service fee	850,008	1,013,187
Administrative expenses:		
Salaries and wages	403,346	367,364
Taxes and insurance	155,665	148,324
Professional fees	139,634	182,583
Office expenses	61,404	106,357
Depreciation (Note 3)	39,840	27,645
Other	126,317	122,588
Total expenses	10,032,886	14,329,288
Operating Income - Before other income (expenses) and distributions to members	9,164,025	5,392,704
Other Income (Expenses)		
Interest and dividend income	2,342,451	2,403,162
Investment expenses	(295,799)	(210,886)
Realized and unrealized gains (losses) on investments	4,156,410	(694,600)
Net investment income	6,203,062	1,497,676
Rental income	80,789	97,027
Rental expenses	(84,548)	(79,290)
Total other income	6,199,303	1,515,413
Excess of Revenue Over Expenses - Before distributions to members	15,363,328	6,908,117
Distributions to Members (Note 6)	(6,500,000)	(6,100,000)
Net Change in Net Assets	8,863,328	808,117
Net Assets - Beginning of year	35,304,827	34,496,710
Net Assets - End of year	<u>\$ 44,168,155</u>	<u>\$ 35,304,827</u>

Michigan County Road Commission Self-Insurance Pool

Statement of Cash Flows

	Year Ended March 31	
	2006	2005
Cash Flows from Operating Activities		
Cash received from member contributions	\$ 19,208,030	\$ 19,785,148
Cash paid for reinsurance and excess insurance premiums	(6,750,211)	(6,663,120)
Cash paid for claims	(6,445,720)	(6,347,631)
Cash paid to suppliers and others	(7,748,000)	(2,051,266)
Net cash (used in) provided by operating activities	(1,735,901)	4,723,131
Cash Flows from Capital and Related Financing Activities - Purchase of capital assets	(172,971)	(2,398)
Cash Flows from Investing Activities		
Interest and dividend income	2,102,989	2,226,895
Purchase of investments	(38,372,526)	(28,949,721)
Proceeds from sale or maturity of investments	25,265,264	41,975,332
Rental income (expense)	(3,759)	17,737
Change in loans under note receivable	85,348	(434,878)
Net cash (used in) provided by investing activities	(10,922,684)	14,835,365
Cash Flows from Noncapital Financing Activities - Distributions to members	(6,500,000)	(6,100,000)
Net (Decrease) Increase in Cash and Cash Equivalents	(19,331,556)	13,456,098
Cash and Cash Equivalents - Beginning of year	20,398,485	6,942,387
Cash and Cash Equivalents - End of year	<u>\$ 1,066,929</u>	<u>\$ 20,398,485</u>

Michigan County Road Commission Self-Insurance Pool

Statement of Cash Flows (Continued)

A reconciliation of excess of operating income over expenses before other income (expenses) and distributions to members to net cash (used in) provided by operating activities is as follows:

	Year Ended March 31	
	2006	2005
Operating income - Before other income (expenses) and distributions to members	\$ 9,164,025	\$ 5,392,704
Adjustments to reconcile operating income - Before other income (expenses) and distributions to members to net cash from operating activities:		
Depreciation expense	39,840	27,645
(Increase) decrease in assets:		
Receivables	11,119	63,156
Other assets	(5,972,154)	(147,391)
Increase (decrease) in liabilities:		
Accounts payable	(39,472)	36,528
Allowances for unsettled claims and claims incurred but not reported	(4,939,259)	(649,511)
Net cash (used in) provided by operating activities	<u>\$ (1,735,901)</u>	<u>\$ 4,723,131</u>

The Pool had a net unrealized gain on investments of \$3,030,140 for the year ended March 31, 2006 and a net unrealized loss on investments of \$2,074,280 for the year ended March 31, 2005.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 1 - Nature of Entity and Significant Accounting Policies

The Michigan County Road Commission Self-Insurance Pool (the "Pool") was established April 1, 1984 under the laws of the State of Michigan as a governmental group self-insurance trust. Activity relating to the formation of the Pool, including the selection of the board of directors, began in October 1983 under the sponsorship of the County Road Association of Michigan, the founding association. The Pool provides various types of liability coverage to its members, including general, automobile, public official errors and omissions, commercial crime, umbrella, and trunkline. The Pool also provides various types of physical damage coverage including property, automobile, and equipment. The members are Michigan county road commissions. Road commissions applying for membership in the Pool may be admitted with a two-thirds vote of the board of directors of the Pool. Members in the Pool may withdraw from the Pool by giving 60 days' notice. Upon approval of withdrawal, the withdrawing road commission is responsible for its claims incurred subsequent to withdrawal and will be denied any future refunds that are distributed. As of March 31, 2006, there were 79 members participating in the Pool.

The Pool utilizes the accrual method of accounting. Operating revenue is defined as member contributions. Operating expenses are defined as all expenses incurred related to claim management and settlement, excess insurance coverages, and administration. Nonoperating revenue and expenses are defined as all investment income and expenses earned related to investment activities over the period they are incurred, and rental income and related expenses related to the use of their building by outside parties. All revenue is recorded ratably over the period to which it applies, and all expenses are recognized in the period they are incurred. The Pool applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 for its proprietary operations. The estimated total claim losses are accrued based on the estimate of claims that will be ultimately filed and paid for each insurance period. It is anticipated that, to the extent that an insurance period has an excess or deficit, the board of directors will determine the manner of disposition or recovery of such excesses or deficits. The Pool may assess members a supplemental assessment in the event of deficiencies.

Cash Equivalents - The Pool considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments are stated at fair value, based on quoted market prices.

Accounts Receivable - Accounts receivable are stated at invoice cost. Account balances that are deemed to be uncollectible are written off and membership is terminated.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements

March 31, 2006 and 2005

Note 1 - Nature of Entity and Significant Accounting Policies (Continued)

Capital Assets - Capital assets are recorded at cost. Depreciation is computed primarily using the straight-line method over the useful lives of the assets.

Federal Income Tax Status - The Pool is treated as a trust that distributes its earnings to members. Accordingly, no provision has been made for taxes on income.

Allowances for Unsettled Claims and Claims Incurred But Not Reported - Allowances for unsettled claims and claims incurred but not reported represent the estimated liability for unpaid insurance losses and related expenses from reported claims and claims incurred but not reported. Changes to such estimates are reflected in earnings currently.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

The Pool's investment policy authorizes the Pool to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan.

The Pool designated JP Morgan Chase Bank, NA for the deposit of its funds.

The Pool's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Pool's deposits may not be returned to it. The Pool does not have a deposit policy for custodial credit risk of bank deposits; however, the Pool limits the deposit balance held with a bank to a level not to exceed \$100,000 in order to reduce this risk. At year end, the Pool's deposit balance of \$94,371 had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 2 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a change in interest rates. The Pool's investment policy restricts investment maturities of fixed income securities by limiting the effective maturity of any single security to 30 years or less. The policy also specifies that the dollar weighted average duration of the fixed income portfolio should be within 25 percent of the dollar weighted average duration of the style index established in the policy. The Pool's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and limiting the average maturity in accordance with the Pool's cash requirements.

At March 31, 2006, the average maturities of investments are as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury securities	\$ 3,331,614	10.89
U.S. agencies and passthroughs	2,396,658	10.17
U.S. agency CMO	8,078,692	15.01
Asset-backed securities	1,036,379	11.43
Corporate bonds	4,574,284	5.05
Foreign bonds	140,337	2.79
Total fair value	<u>\$ 19,557,964</u>	
Portfolio weighted average maturity		<u>11.11</u>

Credit Risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligations. In accordance with the Pool's investment policy, the Pool may invest in U.S. government securities, corporate bonds, certain equity securities, collateralized mortgage obligations, asset-backed securities, and certain mutual funds.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 2 - Deposits and Investments (Continued)

At March 31, 2006, the credit quality ratings of debt securities by investment type (other than the U.S. government) are as follows:

Rating	Fair Value
Asset-backed securities:	
AAA (S&P)	\$ 1,026,228
BAI (Moody's)	10,151
Total	<u>\$ 1,036,379</u>
Corporate bonds - S&P:	
AAA	\$ 264,242
AA	242,685
AA-	381,268
A+	1,978,000
A	1,082,287
A-	353,762
BBB+	26,468
BBB	125,138
BBB-	25,744
BB	94,690
Total	<u>\$ 4,574,284</u>
Foreign bonds - S&P:	
AA+	\$ 48,016
A-	92,321
Total	<u>\$ 140,337</u>

Concentration of Credit Risk - The Pool's investment policy has set limits for investments in any one issuer. The limits are as follows: 8 percent of the market value of an investment manager's portfolio at the time of purchase for the large/medium capitalization portfolios; 10 percent of the market value of an investment manager's portfolio at the time of purchase for the small and middle capitalization portfolios; and 8 percent of the market value of an investment manager's portfolio at the time of purchase, excluding governmental-backed securities, for the fixed income portfolios. There were no investments that individually exceed 5 percent of the Pool's total investments at March 31, 2006.

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 3 - Capital Assets

Capital asset activity of the Pool's business-type activities was as follows:

	Balance April 1, 2005	Additions	Disposals and Adjustments	Balance March 31, 2006
Capital assets not being depreciated - Land	\$ 22,855	\$ -	\$ -	\$ 22,855
Capital assets being depreciated:				
Building	484,327	-	-	484,327
Building improvements	130,451	147,931	-	278,382
Office equipment	51,639	25,040	4,134	72,545
Subtotal	666,417	172,971	4,134	835,254
Accumulated depreciation:				
Building	233,867	15,375	-	249,242
Building improvements	130,451	14,793	-	145,244
Office equipment	43,202	9,672	4,134	48,740
Subtotal	407,520	39,840	4,134	443,226
Net capital assets being depreciated	258,897	133,131	-	392,028
Net capital assets	\$ 281,752	\$ 133,131	\$ -	\$ 414,883

Depreciation expense was charged to the Pool as follows:

	2006	2005
Building	\$ 15,375	\$ 15,375
Building improvements	14,793	-
Office equipment	9,672	12,270
Total	\$ 39,840	\$ 27,645

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 4 - Insurance Coverage

The Pool uses reinsurance and excess insurance contracts to reduce its exposure to large aggregate and specific losses. These contracts allow the Pool to recover losses in excess of aggregate and specific coverages specified in the contracts; however, it does not discharge the primary liability of the Pool of the risks covered by these contracts. The Pool does not report the liabilities expected to be paid under these contracts unless it is probable that those liabilities will not be covered and paid. The amounts deducted from allowances for unsettled claims and claims incurred but not reported as of March 31, 2006 and 2005 for expected recoveries under these contracts were \$1,044,413 and \$831,826, respectively.

The Michigan Catastrophic Claims Association (MCCA) is a private, nonprofit association created by Michigan statute as a means of spreading the costs for providing unlimited personal injury protection benefits offered through no-fault auto insurance policies across all Michigan motorists. The MCCA has a board of directors that establishes an annual assessment charged to every Michigan auto insurance premium.

The Michigan Assigned Claims Facility (ACF) was created by Michigan statute in 1973 to provide financial help to people injured in an uninsured motor vehicle accident, who have no insurance coverage of their own. The ACF is administered by the Michigan Department of State under authority of the No-Fault Insurance Law. The ACF assesses all insurers an annual fee based on the number of vehicles insured in order to cover the costs of this plan.

Premiums ceded under these contracts during the years ended March 31, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
MCCA	\$ 766,710	\$ 685,172
ACF	66,433	50,450
Reinsurance and excess insurance premiums	<u>5,917,068</u>	<u>5,927,498</u>
Total	<u>\$ 6,750,211</u>	<u>\$ 6,663,120</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 5 - Allowances for Unsettled Claims and Claims Incurred But Not Reported

The Pool's allowances for unsettled claims and claims incurred but not reported were computed actuarially for the years ended March 31, 2006 and 2005, and are based on the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The allowances for unsettled claims and claims incurred but not reported are presented at present value using discount rates of 3.6 percent and 4.6 percent for the years ended March 31, 2006 and 2005, respectively. The estimates reflect the Pool's best judgment as to the potential for claims to increase beyond the amounts already paid and reserved on filed claims. It is at least reasonably possible that a material change in the estimate will occur within the near term and thus the actual claims paid may be substantially different than these estimates.

The following table presents changes in the allowances for the fiscal years ended March 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Claims filed at March 31 that remain unsettled as of that date	\$ 7,974,802	\$ 10,118,942
Estimate of claims incurred prior to March 31 not reported as of that date that are expected to be filed in the future	21,906,780	25,290,370
Less portion to be paid by reinsurance and excess insurance carriers	<u>1,044,413</u>	<u>831,826</u>
Total undiscounted reserves	28,837,169	34,577,486
Less effect of discount	<u>1,816,354</u>	<u>2,617,412</u>
Total	<u>\$ 27,020,815</u>	<u>\$ 31,960,074</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 5 - Allowances for Unsettled Claims and Claims Incurred But Not Reported (Continued)

	2006	2005
Allowances for Unsettled Claims and Claims Incurred But Not Reported -		
Beginning of year	\$ 31,960,074	\$ 32,609,585
Incurred claims and claims adjustment expenses:		
Provision for insured events of the current year	14,533,853	13,542,052
Decrease in provision for insured events of prior years	<u>(13,615,863)</u>	<u>(8,717,985)</u>
Total incurred claims and claims adjustment expenses	917,990	4,824,067
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current year	1,284,442	857,123
Claims and claims adjustment expenses attributable to insured events of prior years	<u>5,161,278</u>	<u>5,490,508</u>
Total payments	6,445,720	6,347,631
(Increase) decrease in amount to be paid by reinsurance and excess insurance carriers	(212,587)	1,972,492
Decrease (increase) in present value discount	<u>801,058</u>	<u>(1,098,439)</u>
Allowances for Unsettled Claims and Claims Incurred But Not Reported -		
End of year	<u>\$ 27,020,815</u>	<u>\$ 31,960,074</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 5 - Allowances for Unsettled Claims and Claims Incurred But Not Reported (Continued)

The following, based on historical trends of the Pool, summarizes the anticipated settlement of claims at March 31, 2006 and 2005:

	2006	2005
Claims anticipated to be settled within one year	\$ 4,800,000	\$ 5,370,000
Claims anticipated to be settled in excess of one year	<u>22,220,815</u>	<u>26,590,074</u>
Total allowances for unsettled claims and claims incurred but not reported	<u>\$ 27,020,815</u>	<u>\$ 31,960,074</u>

Note 6 - Distributions to Members

The Pool distributed funds to members as follows:

	2006	2005
Interest earnings distributions:		
1989-90	\$ 640,000	\$ -
1990-91	1,280,000	-
1991-92	1,280,000	-
1992-93	2,682,582	1,036,984
1993-94	57,667	557,597
1994-95	108,666	1,051,219
1995-96	123,237	1,194,687
1996-97	45,442	455,268
1997-98	40,997	347,583
1998-99	93,168	876,123
1999-00	55,876	405,725
2000-01	33,773	128,698
2001-02	27,475	46,116
2002-03	<u>31,117</u>	<u>-</u>
Total	<u>\$ 6,500,000</u>	<u>\$ 6,100,000</u>

Michigan County Road Commission Self-Insurance Pool

Notes to Financial Statements March 31, 2006 and 2005

Note 7 - Note Receivable

In November 2004, the Pool entered into an agreement with a member whereby the member agreed to repay the Pool \$601,431 for refunds received in excess of the refund amounts to which it was entitled. If the member fails to make any payment when due, or ceases to be a member, the entire remaining balance may become due and payable. Any remaining balance due shall, at that time, bear interest at 8 percent per year until paid in full. The Pool will receive annual payments of \$50,000. The outstanding balance of the note at March 31, 2006 and 2005 was \$349,530 and \$434,878, respectively.

Required Supplementary Information

Michigan County Road Commission Self-Insurance Pool

	1996	1997	1998*	1999
Required contributions and investment income:				
Earned	\$ 18,889,722	\$ 15,882,496	\$ 15,989,924	\$ 15,320,603
Ceded	-	-	4,308,984	4,184,576
Net earned	18,889,722	15,882,496	11,680,940	11,136,027
Unallocated expenses	1,783,744	2,082,737	2,294,897	2,115,249
Estimated claims and expenses, end of policy year:				
Incurred	9,756,580	9,677,177	13,463,353	12,819,480
Ceded	-	-	3,862,148	2,638,027
Net incurred	9,756,580	9,677,177	9,601,205	10,181,453
Net paid (cumulative) as of:				
End of policy year	557,323	320,450	492,882	555,130
One year later	1,452,462	3,136,596	2,066,241	1,805,447
Two years later	2,785,763	5,063,076	3,910,444	3,184,325
Three years later	3,942,550	7,514,971	6,379,990	3,692,345
Four years later	4,240,093	9,022,147	6,506,477	3,958,263
Five years later	4,269,507	8,967,630	6,552,692	3,921,255
Six years later	4,560,077	8,961,747	7,286,055	4,126,098
Seven years later	4,561,209	8,969,502	7,357,057	4,126,098
Eight years later	4,659,654	8,990,384	7,357,208	-
Nine years later	4,667,492	9,331,667	-	-
Ten years later	4,725,098	-	-	-
Reestimated ceded claims and expenses	-	-	40,936	-
Reestimated net incurred claims and expenses:				
End of policy year	9,756,580	9,677,177	9,601,205	10,181,453
One year later	10,650,079	10,287,878	9,861,429	10,544,669
Two years later	9,672,051	10,390,125	9,887,880	9,851,275
Three years later	7,684,549	10,428,401	8,487,827	6,543,279
Four years later	6,782,609	10,442,014	7,953,216	4,483,918
Five years later	5,815,146	9,834,105	7,788,125	4,265,143
Six years later	5,010,315	9,414,554	7,686,470	4,126,098
Seven years later	4,782,180	9,383,237	7,417,112	4,127,683
Eight years later	4,760,472	9,483,710	7,277,448	-
Nine years later	4,775,548	9,938,057	-	-
Ten years later	4,508,226	-	-	-
Increase (decrease) in estimated net incurred claims and expenses from end of policy year	\$ (5,248,354)	\$ 260,880	\$ (2,323,757)	\$ (6,053,770)

* Michigan County Road Commission Self-Insurance Pool adopted GASB Statement No. 30, *Risk Finance Omnibus*, an amendment of GASB No. 10, on a prospective basis.

Schedule of Claims Information for All Lines of Coverages
Fiscal Year Ended March 31, 2006

2000	2001	2002	2003	2004	2005	2006
\$ 14,758,833	\$ 14,320,277	\$ 15,026,391	\$ 15,678,785	\$ 19,249,578	\$ 19,790,580	\$ 20,059,348
3,928,497	4,007,943	4,353,993	4,468,305	6,526,885	6,663,120	6,750,211
10,830,336	10,312,334	10,672,398	11,210,480	12,722,693	13,127,460	13,309,137
2,095,347	2,040,347	1,897,958	2,189,968	2,354,943	1,968,048	1,776,214
13,408,327	13,750,556	13,124,223	14,876,186	16,750,809	13,185,520	14,788,333
3,750,582	3,570,418	2,964,752	1,816,596	1,727,340	355,239	717,323
9,657,745	10,180,138	10,159,471	13,059,590	15,023,469	12,830,281	14,071,010
653,977	830,883	602,748	1,553,157	1,147,774	857,123	1,284,442
2,137,392	1,719,653	1,356,261	2,215,606	1,922,932	1,664,414	-
3,822,917	3,473,137	4,553,459	4,430,984	3,226,509	-	-
4,754,297	4,874,555	5,261,498	6,099,810	-	-	-
5,308,364	6,341,440	6,228,158	-	-	-	-
5,328,847	6,348,647	-	-	-	-	-
5,337,524	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
937	-	25,813	37,233	45,014	177,158	717,323
9,657,745	10,180,138	10,159,471	13,059,590	15,023,469	12,830,281	14,071,010
10,118,507	9,979,426	10,544,208	11,089,183	13,476,514	9,931,359	-
10,042,444	10,082,165	8,960,177	8,764,340	7,994,393	-	-
8,146,333	8,139,388	7,810,478	5,998,165	-	-	-
6,238,269	7,061,388	6,763,182	-	-	-	-
5,498,459	6,544,677	-	-	-	-	-
5,596,189	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ (4,061,556)	\$ (3,635,461)	\$ (3,396,289)	\$ (7,061,425)	\$ (7,029,076)	\$ (2,898,922)	\$ -

Michigan County Road Commission Self-Insurance Pool

	March 31, 2006				
	General Liability	Trunkline Liability	Errors and Omissions	Property	Total
Unpaid Claims and Claims Adjustment					
Expenses - Beginning of year	\$ 26,327,842	\$ 3,170,102	\$ 1,331,348	\$ 1,130,782	\$ 31,960,074
Incurring claims and claims adjustment expenses:					
Provision for insured events of the current year	11,784,742	792,357	891,580	1,065,174	14,533,853
Increase (decrease) in provision for insured events of prior years	(12,085,253)	(812,562)	(784,423)	66,376	(13,615,862)
Total incurred claims and claims adjustment expenses	(300,511)	(20,205)	107,157	1,131,550	917,991
Payments:					
Claims and claims adjustment expenses attributable to insured events of the current year	119,375	33,000	208,420	923,647	1,284,442
Claims and claims adjustment expenses attributable to insured events of prior years	3,246,407	1,556,232	88,121	270,518	5,161,278
Total payments	3,365,782	1,589,232	296,541	1,194,165	6,445,720
Decrease in amount to be paid by reinsurance and excess insurance carriers	(212,587)	-	-	-	(212,587)
Decrease (increase) in present value discount	762,833	-	27,143	11,081	801,057
Unpaid Claims and Claims Adjustment					
Expenses - End of year	<u>\$ 23,211,795</u>	<u>\$ 1,560,665</u>	<u>\$ 1,169,107</u>	<u>\$ 1,079,248</u>	<u>\$ 27,020,815</u>

Reconciliation of Claims Liabilities by Type of Contract

March 31, 2005				
General Liability	Trunkline Liability	Errors and Omissions	Property	Total
\$ 25,917,708	\$ 4,198,308	\$ 1,423,115	\$ 1,070,454	\$ 32,609,585
9,141,458	2,238,846	814,973	1,346,775	13,542,052
<u>(5,464,919)</u>	<u>(2,240,622)</u>	<u>(633,095)</u>	<u>(379,350)</u>	<u>(8,717,986)</u>
3,676,539	(1,776)	181,878	967,425	4,824,066
59,016	95,209	44,027	658,871	857,123
<u>4,081,443</u>	<u>931,221</u>	<u>229,618</u>	<u>248,226</u>	<u>5,490,508</u>
4,140,459	1,026,430	273,645	907,097	6,347,631
1,972,493	-	-	-	1,972,493
<u>(1,098,439)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,098,439)</u>
<u>\$ 26,327,842</u>	<u>\$ 3,170,102</u>	<u>\$ 1,331,348</u>	<u>\$ 1,130,782</u>	<u>\$ 31,960,074</u>

Other Supplemental Information

Michigan County Road Commission Self-Insurance Pool

	1993-94 Policy Year	1994-95 Policy Year	1995-96 Policy Year	1996-97 Policy Year	1997-98 Policy Year	1998-99 Policy Year
Revenue - Member contributions	\$ 14,487,862	\$ 15,624,957	\$ 15,266,473	\$ 15,149,791	\$ 14,759,107	\$ 14,793,180
Expenses						
Provision for claims:						
Payments	5,698,507	6,512,729	4,508,224	9,688,550	7,219,078	4,127,683
Increase (decrease) in allowances for unsettled claims and claims incurred but not reported	-	-	2	249,507	58,370	-
Reinsurance and excess insurance premiums	5,534,214	4,620,447	4,434,153	4,272,028	4,308,984	4,184,576
Service fee	1,177,745	1,212,022	1,225,982	1,493,069	1,420,000	1,352,850
Administrative expenses:						
Salaries and wages	134,087	141,272	125,599	131,660	140,127	172,093
Taxes and insurance	100,795	19,574	12,027	12,132	14,160	15,826
Professional fees	68,321	80,769	116,690	105,289	170,622	136,295
Office expenses	32,496	33,064	31,607	37,321	49,886	49,802
Other	67,067	82,482	82,943	91,446	219,487	86,993
Total expenses	12,813,232	12,702,359	10,537,227	16,081,002	13,600,714	10,126,118
Operating Income (Loss) -						
Before other income (expenses) and distributions to members	1,674,630	2,922,598	4,729,246	(931,211)	1,158,393	4,667,062
Other Income (Expenses)						
Interest and dividend income	2,884,644	4,636,060	4,063,395	1,542,537	1,461,896	1,917,019
Investment expenses	(91,204)	(102,371)	(131,739)	(151,056)	(180,246)	(180,724)
Realized and unrealized gains (losses) on investments	3,243,009	6,165,329	6,215,067	4,170,884	877,449	452,419
Net investment income	6,036,449	10,699,018	10,146,723	5,562,365	2,159,099	2,188,714
Rental income	87,591	86,974	88,104	82,290	79,099	81,612
Rental expenses	(48,493)	(64,999)	(57,157)	(60,764)	(100,369)	(120,666)
Total other income	6,075,547	10,720,993	10,177,670	5,583,891	2,137,829	2,149,660
Excess of Revenue Over (Under) Expenses -						
Before distributions to members	7,750,177	13,643,591	14,906,916	4,652,680	3,296,222	6,816,722
Distributions to Members	4,438,144	7,428,890	7,415,382	2,660,094	797,825	1,223,695
Net Change in Net Assets	\$ 3,312,033	\$ 6,214,701	\$ 7,491,534	\$ 1,992,586	\$ 2,498,397	\$ 5,593,027

**Schedule of Changes in Net Assets by Policy Year
for All Open Years From April 1, 1993
Through March 31, 2006**

1999-2000 Policy Year	2000-2001 Policy Year	2001-2002 Policy Year	2002-2003 Policy Year	2003-2004 Policy Year	2004-2005 Policy Year	2005-2006 Policy Year	Total
\$ 14,386,635	\$ 14,576,954	\$ 14,810,048	\$ 15,964,448	\$ 18,561,140	\$ 19,721,992	\$ 19,196,911	\$ 207,299,498
5,336,891	6,349,539	6,227,237	6,096,009	3,227,509	1,664,413	1,284,442	67,940,811
259,298	195,138	535,945	(97,844)	4,766,884	8,266,946	12,786,568	27,020,814
3,928,497	4,007,943	4,353,993	4,468,305	6,526,885	6,663,120	6,750,211	64,053,356
1,333,240	1,222,863	1,092,350	1,129,521	1,143,505	1,013,187	850,008	15,666,342
182,094	204,758	253,320	330,400	340,081	367,364	403,346	2,926,201
17,350	21,168	21,022	105,505	129,273	148,324	155,665	772,821
133,285	128,317	83,743	164,563	179,828	182,583	139,634	1,689,939
44,060	47,552	61,376	81,509	126,358	106,357	61,404	762,792
100,422	122,748	124,703	118,912	111,333	122,588	126,317	1,457,441
11,335,137	12,300,026	12,753,689	12,396,880	16,551,656	18,534,882	22,557,595	182,290,517
3,051,498	2,276,928	2,056,359	3,567,568	2,009,484	1,187,110	(3,360,684)	25,008,981
1,227,696	1,079,867	992,741	843,388	794,169	788,377	418,829	22,650,618
(185,420)	(166,882)	(93,929)	(158,298)	(213,467)	(210,886)	(295,799)	(2,162,021)
(308,593)	(342,768)	(13,316)	658,212	952,635	639,256	743,166	23,452,749
733,683	570,217	885,496	1,343,302	1,533,337	1,216,747	866,196	43,941,346
95,496	84,069	93,075	92,914	97,365	97,027	80,789	1,146,405
(99,476)	(126,059)	(114,103)	(101,260)	(111,098)	(106,935)	(124,388)	(1,235,767)
729,703	528,227	864,468	1,334,956	1,519,604	1,206,839	822,597	43,851,984
3,781,201	2,805,155	2,920,827	4,902,524	3,529,088	2,393,949	(2,538,087)	68,860,965
461,601	162,471	73,591	31,117	-	-	-	24,692,810
<u>\$ 3,319,600</u>	<u>\$ 2,642,684</u>	<u>\$ 2,847,236</u>	<u>\$ 4,871,407</u>	<u>\$ 3,529,088</u>	<u>\$ 2,393,949</u>	<u>\$ (2,538,087)</u>	<u>\$ 44,168,155</u>

Michigan County Road Commission Self-Insurance Pool

	Prior Policy Years	1993-94 Policy Year	1994-95 Policy Year	1995-96 Policy Year	1996-97 Policy Year	1997-98 Policy Year	1998-99 Policy Year
Revenue - Member contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses							
Provision for claims:							
Payments	-	-	-	(159,268)	698,166	(137,979)	1,585
Increase in (reduction to) allowances for unsettled claims and claims incurred but not reported	-	-	-	(108,054)	(243,819)	(1,685)	-
Reinsurance and excess insurance premiums	-	-	-	-	-	-	-
Service fee	-	-	-	-	-	-	-
Administrative expenses:							
Salaries and wages	-	-	-	-	-	-	-
Taxes and insurance	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,322)</u>	<u>454,347</u>	<u>(139,664)</u>	<u>1,585</u>
Operating Income (Loss) -							
Before other income (expenses) and distributions to members	-	-	-	267,322	(454,347)	139,664	(1,585)
Other Income (Expenses)							
Interest and dividend income	-	74,490	129,772	210,118	-	54,111	207,307
Investment expenses	-	-	-	-	-	-	-
Realized and unrealized gains on investments	-	132,174	230,265	372,830	-	96,013	367,842
Net investment income	<u>-</u>	<u>206,664</u>	<u>360,037</u>	<u>582,948</u>	<u>-</u>	<u>150,124</u>	<u>575,149</u>
Rental income	-	-	-	-	-	-	-
Rental expenses	-	-	-	-	-	-	-
Total other income	<u>-</u>	<u>206,664</u>	<u>360,037</u>	<u>582,948</u>	<u>-</u>	<u>150,124</u>	<u>575,149</u>
Excess of Revenue Over (Under) Expenses - Before distributions to members	-	206,664	360,037	850,270	(454,347)	289,788	573,564
Distributions to Members	<u>5,882,582</u>	<u>57,667</u>	<u>108,666</u>	<u>123,237</u>	<u>45,442</u>	<u>40,997</u>	<u>93,168</u>
Net Change in Net Assets	<u>\$ (5,882,582)</u>	<u>\$ 148,997</u>	<u>\$ 251,371</u>	<u>\$ 727,033</u>	<u>\$ (499,789)</u>	<u>\$ 248,791</u>	<u>\$ 480,396</u>

Schedule of Changes in Net Assets by Policy Year **Fiscal Year Ended March 31, 2006**

1999-2000 Policy Year	2000-2001 Policy Year	2001-2002 Policy Year	2002-2003 Policy Year	2003-2004 Policy Year	2004-2005 Policy Year	2005-2006 Policy Year	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,196,911	\$ 19,196,911
8,044	8,099	965,739	1,665,025	1,304,577	807,290	1,284,442	6,445,720
89,686	(524,810)	(2,013,035)	(4,431,200)	(6,786,698)	(3,706,212)	12,786,568	(4,939,259)
-	-	-	-	-	-	6,750,211	6,750,211
-	-	-	-	-	-	850,008	850,008
-	-	-	-	-	-	403,346	403,346
-	-	-	-	-	-	155,665	155,665
-	-	-	-	-	-	139,634	139,634
-	-	-	-	-	-	61,404	61,404
-	-	-	-	-	-	39,840	39,840
-	-	-	-	-	-	126,317	126,317
<u>97,730</u>	<u>(516,711)</u>	<u>(1,047,296)</u>	<u>(2,766,175)</u>	<u>(5,482,121)</u>	<u>(2,898,922)</u>	<u>22,597,435</u>	<u>10,032,886</u>
(97,730)	516,711	1,047,296	2,766,175	5,482,121	2,898,922	(3,400,524)	9,164,025
147,106	109,861	115,249	154,133	301,239	420,236	418,829	2,342,451
-	-	-	-	-	-	(295,799)	(295,799)
<u>261,023</u>	<u>194,936</u>	<u>204,495</u>	<u>273,492</u>	<u>534,514</u>	<u>745,660</u>	<u>743,166</u>	<u>4,156,410</u>
408,129	304,797	319,744	427,625	835,753	1,165,896	866,196	6,203,062
-	-	-	-	-	-	80,789	80,789
-	-	-	-	-	-	(84,548)	(84,548)
<u>408,129</u>	<u>304,797</u>	<u>319,744</u>	<u>427,625</u>	<u>835,753</u>	<u>1,165,896</u>	<u>862,437</u>	<u>6,199,303</u>
310,399	821,508	1,367,040	3,193,800	6,317,874	4,064,818	(2,538,087)	15,363,328
<u>55,876</u>	<u>33,773</u>	<u>27,475</u>	<u>31,117</u>	-	-	-	<u>6,500,000</u>
<u>\$ 254,523</u>	<u>\$ 787,735</u>	<u>\$ 1,339,565</u>	<u>\$ 3,162,683</u>	<u>\$ 6,317,874</u>	<u>\$ 4,064,818</u>	<u>\$ (2,538,087)</u>	<u>\$ 8,863,328</u>

Michigan County Road Commission Self-Insurance Pool

Budget-to-Actual Table Twelve-month Period Ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Member contributions	\$ 19,042,381	\$ 19,196,911	\$ 154,530
Investment income	3,045,000	6,498,861	3,453,861
Rental income	-	80,789	80,789
Expenses			
Provision for claims:			
Payments	-	6,445,720	(6,445,720)
Reductions to allowance for unsettled claims and claims incurred but not reported	-	(4,939,259)	4,939,259
Reinsurance premiums	6,505,681	6,750,211	(244,530)
Service fee	850,000	850,008	(8)
Administrative expenses	990,491	926,206	64,285

Statistical Section

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 320,450	\$ 3,136,596	\$ 5,063,076	\$ 7,514,971	\$ 9,022,147
1998	-	492,882	2,066,241	3,910,444	6,379,990
1999	-	-	555,130	1,805,477	3,184,325
2000	-	-	-	653,977	2,137,392
2001	-	-	-	-	830,883
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 320,450</u>	<u>\$ 3,629,478</u>	<u>\$ 7,684,447</u>	<u>\$ 13,884,869</u>	<u>\$ 21,554,737</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 320,450	\$ 2,816,146	\$ 1,926,480	\$ 2,451,895	\$ 1,507,176
1998	-	492,882	1,573,359	1,844,203	2,469,546
1999	-	-	555,130	1,250,347	1,378,848
2000	-	-	-	653,977	1,483,415
2001	-	-	-	-	830,883
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 320,450</u>	<u>\$ 3,309,028</u>	<u>\$ 4,054,969</u>	<u>\$ 6,200,422</u>	<u>\$ 7,669,868</u>

Loss Development Through March 31, 2006
Paid Losses: All Coverages

2002	2003	2004	2005	2006
\$ 8,967,630	\$ 8,961,747	\$ 8,969,502	\$ 8,990,384	\$ 9,688,550
6,506,477	6,552,692	7,286,055	7,357,057	7,219,078
3,692,345	3,958,263	3,921,255	4,126,098	4,127,683
3,822,917	4,754,297	5,308,364	5,328,847	5,336,891
1,719,653	3,473,137	4,874,555	6,341,440	6,349,539
602,748	1,356,261	4,553,459	5,261,498	6,227,237
-	1,533,157	2,215,606	4,430,984	6,096,009
-	-	1,147,774	1,922,932	3,227,509
-	-	-	857,123	1,664,413
-	-	-	-	1,284,442
\$ 25,311,770	\$ 30,589,554	\$ 38,276,570	\$ 44,616,363	\$ 51,221,351

2002	2003	2004	2005	2006	Total
\$ (54,517)	\$ (5,883)	\$ 7,755	\$ 20,882	\$ 698,166	\$ 9,688,550
126,487	46,215	733,363	71,002	(137,979)	7,219,078
508,020	265,918	(37,008)	204,843	1,585	4,127,683
1,685,525	931,380	554,067	20,483	8,044	5,336,891
888,770	1,753,484	1,401,418	1,466,885	8,099	6,349,539
602,748	753,513	3,197,198	708,039	965,739	6,227,237
-	1,533,157	682,449	2,215,378	1,665,025	6,096,009
-	-	1,147,774	775,158	1,304,577	3,227,509
-	-	-	857,123	807,290	1,664,413
-	-	-	-	1,284,442	1,284,442
\$ 3,757,033	\$ 5,277,784	\$ 7,687,016	\$ 6,339,793	\$ 6,604,988	\$ 51,221,351

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 5,693,055	\$ 4,335,440	\$ 5,090,644	\$ 3,052,215	\$ 494,280
1998	-	3,068,049	3,905,127	5,342,672	1,995,976
1999	-	-	1,923,471	3,349,781	5,106,144
2000	-	-	-	2,793,051	2,384,599
2001	-	-	-	-	2,730,398
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 5,693,055</u>	<u>\$ 7,403,489</u>	<u>\$ 10,919,242</u>	<u>\$ 14,537,719</u>	<u>\$ 12,711,397</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 5,693,055	\$ (1,357,615)	\$ 755,204	\$ (2,038,429)	\$ (2,557,935)
1998	-	3,068,049	837,078	1,437,545	(3,346,696)
1999	-	-	1,923,471	1,426,310	1,756,363
2000	-	-	-	2,793,051	(408,452)
2001	-	-	-	-	2,730,398
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 5,693,055</u>	<u>\$ 1,710,434</u>	<u>\$ 3,515,753</u>	<u>\$ 3,618,477</u>	<u>\$ (1,826,322)</u>

Loss Development Through March 31, 2006
Case Reserves: All Coverages

2002	2003	2004	2005	2006
\$ 393,378	\$ 382,486	\$ 375,431	\$ 504,549	\$ 249,512
1,680,515	1,647,902	681,300	104,528	60,037
3,146,997	1,773,742	243,051	-	-
3,667,899	1,646,002	277,593	177,258	267,643
4,691,274	4,043,894	2,855,354	77,125	80,222
2,560,971	5,384,830	3,178,852	1,619,918	507,512
-	1,519,670	2,858,596	3,286,470	295,175
-	-	2,314,250	3,641,896	1,526,306
-	-	-	599,144	1,799,949
-	-	-	-	3,147,510
<u>\$ 16,141,034</u>	<u>\$ 16,398,526</u>	<u>\$ 12,784,427</u>	<u>\$ 10,010,888</u>	<u>\$ 7,933,866</u>

2002	2003	2004	2005	2006	Total
\$ (100,902)	\$ (10,892)	\$ (7,055)	\$ 129,118	\$ (255,037)	\$ 249,512
(315,461)	(32,613)	(966,602)	(576,772)	(44,491)	60,037
(1,959,147)	(1,373,255)	(1,530,691)	(243,051)	-	-
1,283,300	(2,021,897)	(1,368,409)	(100,335)	90,385	267,643
1,960,876	(647,380)	(1,188,540)	(2,778,229)	3,097	80,222
2,560,971	2,823,859	(2,205,978)	(1,558,934)	(1,112,406)	507,512
-	1,519,670	1,338,926	427,874	(2,991,295)	295,175
-	-	2,314,250	1,327,646	(2,115,590)	1,526,306
-	-	-	599,144	1,200,805	1,799,949
-	-	-	-	3,147,510	3,147,510
<u>\$ 3,429,637</u>	<u>\$ 257,492</u>	<u>\$ (3,614,099)</u>	<u>\$ (2,773,539)</u>	<u>\$ (2,077,022)</u>	<u>\$ 7,933,866</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 6,013,505	\$ 7,472,036	\$ 10,153,720	\$ 10,567,186	\$ 9,516,427
1998	-	3,560,931	5,971,368	9,253,116	8,375,966
1999	-	-	2,478,601	5,155,258	8,290,469
2000	-	-	-	3,447,028	4,521,991
2001	-	-	-	-	3,561,281
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 6,013,505</u>	<u>\$ 11,032,967</u>	<u>\$ 18,603,689</u>	<u>\$ 28,422,588</u>	<u>\$ 34,266,134</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 6,013,505	\$ 1,458,531	\$ 2,681,684	\$ 413,466	\$ (1,050,759)
1998	-	3,560,931	2,410,437	3,281,748	(877,150)
1999	-	-	2,478,601	2,676,657	3,135,211
2000	-	-	-	3,447,028	1,074,963
2001	-	-	-	-	3,561,281
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 6,013,505</u>	<u>\$ 5,019,462</u>	<u>\$ 7,570,722</u>	<u>\$ 9,818,899</u>	<u>\$ 5,843,546</u>

Loss Development Through March 31, 2006
Reported Losses (Paid Losses Plus Case Reserves): All Coverages

2002	2003	2004	2005	2006
\$ 9,361,008	\$ 9,344,233	\$ 9,344,933	\$ 9,494,933	\$ 9,938,062
8,186,992	8,200,594	7,967,355	7,461,585	7,279,115
6,839,342	5,732,005	4,164,306	4,126,098	4,127,683
7,490,816	6,400,299	5,585,957	5,506,105	5,604,534
6,410,927	7,517,031	7,729,909	6,418,565	6,429,761
3,163,719	6,741,091	7,732,311	6,881,416	6,734,749
-	3,052,827	5,074,202	7,717,454	6,391,184
-	-	3,462,024	5,564,828	4,753,815
-	-	-	1,456,267	3,464,362
-	-	-	-	4,431,952
\$ 41,452,804	\$ 46,988,080	\$ 51,060,997	\$ 54,627,251	\$ 59,155,217

2002	2003	2004	2005	2006	Total
\$ (155,419)	\$ (16,775)	\$ 700	\$ 150,000	\$ 443,129	\$ 9,938,062
(188,974)	13,602	(233,239)	(505,770)	(182,470)	7,279,115
(1,451,127)	(1,107,337)	(1,567,699)	(38,208)	1,585	4,127,683
2,968,825	(1,090,517)	(814,342)	(79,852)	98,429	5,604,534
2,849,646	1,106,104	212,878	(1,311,344)	11,196	6,429,761
3,163,719	3,577,372	991,220	(850,895)	(146,667)	6,734,749
-	3,052,827	2,021,375	2,643,252	(1,326,270)	6,391,184
-	-	3,462,024	2,102,804	(811,013)	4,753,815
-	-	-	1,456,267	2,008,095	3,464,362
-	-	-	-	4,431,952	4,431,952
\$ 7,186,670	\$ 5,535,276	\$ 4,072,917	\$ 3,566,254	\$ 4,527,966	\$ 59,155,217

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 13,093,241	\$ 7,416,655	\$ 2,709,645	\$ 1,857,926	\$ 1,161,426
1998	-	9,902,422	6,750,947	3,164,090	910,731
1999	-	-	11,609,220	8,128,121	4,260,678
2000	-	-	-	11,101,828	8,893,479
2001	-	-	-	-	11,285,240
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 13,093,241</u>	<u>\$ 17,319,077</u>	<u>\$ 21,069,812</u>	<u>\$ 24,251,965</u>	<u>\$ 26,511,554</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 13,093,241	\$ (5,676,586)	\$ (4,707,010)	\$ (851,719)	\$ (696,500)
1998	-	9,902,422	(3,151,475)	(3,586,857)	(2,253,359)
1999	-	-	11,609,220	(3,481,099)	(3,867,443)
2000	-	-	-	11,101,828	(2,208,349)
2001	-	-	-	-	11,285,240
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 13,093,241</u>	<u>\$ 4,225,836</u>	<u>\$ 3,750,735</u>	<u>\$ 3,182,153</u>	<u>\$ 2,259,589</u>

* Incurred but not reported reserves are net of discount.

Loss Development Through March 31, 2006
*** Incurred But Not Reported Reserves: All Coverages**

2002	2003	2004	2005	2006
\$ 540,558	\$ 88,413	\$ 43,856	\$ -	\$ -
415,607	166,224	193,249	1	-
1,925,649	294,020	111,616	-	-
5,182,432	2,198,979	690,871	2,292	-
6,834,756	3,125,000	752,986	716,173	104,899
11,120,560	6,481,685	1,620,913	1,272,407	144,318
-	12,679,514	7,942,658	2,774,787	768,554
-	-	12,691,486	7,581,802	1,963,122
-	-	-	12,942,908	6,466,997
-	-	-	-	9,639,058
\$ 26,019,562	\$ 25,033,835	\$ 24,047,635	\$ 25,290,370	\$ 19,086,948

2002	2003	2004	2005	2006	Total
\$ (620,868)	\$ (452,145)	\$ (44,557)	\$ (43,856)	\$ -	\$ -
(495,124)	(249,383)	27,025	(193,248)	(1)	-
(2,335,029)	(1,631,629)	(182,404)	(111,616)	-	-
(3,711,047)	(2,983,453)	(1,508,108)	(688,579)	(2,292)	-
(4,450,484)	(3,709,756)	(2,372,014)	(36,813)	(611,274)	104,899
11,120,560	(4,638,875)	(4,860,772)	(348,506)	(1,128,089)	144,318
-	12,679,514	(4,736,856)	(5,167,871)	(2,006,233)	768,554
-	-	12,691,486	(5,109,684)	(5,618,680)	1,963,122
-	-	-	12,942,908	(6,475,911)	6,466,997
-	-	-	-	9,639,058	9,639,058
\$ (491,992)	\$ (985,727)	\$ (986,200)	\$ 1,242,735	\$ (6,203,422)	\$ 19,086,948

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006
Reported Claim Counts: All Coverages

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	129	194	214	220	220	220	227	227	227	227
1998	-	112	164	180	187	187	194	194	194	194
1999	-	-	95	158	176	179	189	189	189	189
2000	-	-	-	98	143	156	179	179	179	179
2001	-	-	-	-	107	175	209	213	213	213
2002	-	-	-	-	-	135	221	228	228	228
2003	-	-	-	-	-	-	143	202	214	215
2004	-	-	-	-	-	-	-	169	216	223
2005	-	-	-	-	-	-	-	-	160	191
2006	-	-	-	-	-	-	-	-	-	165
Total	<u>129</u>	<u>306</u>	<u>473</u>	<u>656</u>	<u>833</u>	<u>1,052</u>	<u>1,362</u>	<u>1,601</u>	<u>1,820</u>	<u>2,024</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006
Closed Claim Counts: All Coverages

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	83	159	185	211	217	219	225	225	225	226
1998	-	89	131	152	175	181	188	191	192	192
1999	-	-	72	131	151	171	187	188	189	189
2000	-	-	-	71	115	139	170	176	178	178
2001	-	-	-	-	88	147	185	203	211	212
2002	-	-	-	-	-	104	188	209	220	225
2003	-	-	-	-	-	-	112	180	199	211
2004	-	-	-	-	-	-	-	128	194	211
2005	-	-	-	-	-	-	-	-	120	177
2006	-	-	-	-	-	-	-	-	-	116
Total	<u>83</u>	<u>248</u>	<u>388</u>	<u>565</u>	<u>746</u>	<u>961</u>	<u>1,255</u>	<u>1,500</u>	<u>1,728</u>	<u>1,937</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 127,348	\$ 2,712,101	\$ 4,545,445	\$ 6,948,744	\$ 8,454,764
1998	-	57,928	1,476,564	3,267,644	5,703,473
1999	-	-	60,375	1,040,649	1,523,863
2000	-	-	-	57,062	1,118,090
2001	-	-	-	-	373,620
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 127,348</u>	<u>\$ 2,770,029</u>	<u>\$ 6,082,384</u>	<u>\$ 11,314,099</u>	<u>\$ 17,173,810</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 127,348	\$ 2,584,753	\$ 1,833,344	\$ 2,403,299	\$ 1,506,020
1998	-	57,928	1,418,636	1,791,080	2,435,829
1999	-	-	60,375	980,274	483,214
2000	-	-	-	57,062	1,061,028
2001	-	-	-	-	373,620
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 127,348</u>	<u>\$ 2,642,681</u>	<u>\$ 3,312,355</u>	<u>\$ 5,231,715</u>	<u>\$ 5,859,711</u>

Loss Development Through March 31, 2006
Paid Losses: General Liability

2002	2003	2004	2005	2006
\$ 8,399,304	\$ 8,392,610	\$ 8,393,310	\$ 8,407,664	\$ 8,281,717
5,829,960	5,876,175	6,609,538	6,680,540	6,544,040
1,967,574	2,135,747	2,151,510	2,356,353	2,345,725
2,633,876	3,486,439	3,551,798	3,563,523	3,555,957
941,880	2,517,993	3,822,221	4,734,513	4,741,721
88,502	394,512	3,470,449	4,045,575	5,010,324
-	113,867	322,460	2,470,557	4,005,815
-	-	96,938	240,941	1,238,806
-	-	-	59,016	240,252
-	-	-	-	119,375
\$ 19,861,096	\$ 22,917,343	\$ 28,418,224	\$ 32,558,682	\$ 36,083,732

2002	2003	2004	2005	2006	Total
\$ (55,460)	\$ (6,694)	\$ 700	\$ 14,354	\$ (125,947)	\$ 8,281,717
126,487	46,215	733,363	71,002	(136,500)	6,544,040
443,711	168,173	15,763	204,843	(10,628)	2,345,725
1,515,786	852,563	65,359	11,725	(7,566)	3,555,957
568,260	1,576,113	1,304,228	912,292	7,208	4,741,721
88,502	306,010	3,075,937	575,126	964,749	5,010,324
-	113,867	208,593	2,148,097	1,535,258	4,005,815
-	-	96,938	144,003	997,865	1,238,806
-	-	-	59,016	181,236	240,252
-	-	-	-	119,375	119,375
\$ 2,687,286	\$ 3,056,247	\$ 5,500,881	\$ 4,140,458	\$ 3,525,050	\$ 36,083,732

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 2,358,491	\$ 3,213,158	\$ 4,585,413	\$ 2,785,807	\$ 235,372
1998	-	3,006,906	3,689,803	5,214,597	1,894,668
1999	-	-	1,593,851	3,058,316	4,448,585
2000	-	-	-	1,781,456	2,254,109
2001	-	-	-	-	2,706,451
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 2,358,491</u>	<u>\$ 6,220,064</u>	<u>\$ 9,869,067</u>	<u>\$ 12,840,176</u>	<u>\$ 11,539,185</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 2,358,491	\$ 854,667	\$ 1,372,255	\$ (1,799,606)	\$ (2,550,435)
1998	-	3,006,906	682,897	1,524,794	(3,319,929)
1999	-	-	1,593,851	1,464,465	1,390,269
2000	-	-	-	1,781,456	472,653
2001	-	-	-	-	2,706,451
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 2,358,491</u>	<u>\$ 3,861,573</u>	<u>\$ 3,649,003</u>	<u>\$ 2,971,109</u>	<u>\$ (1,300,991)</u>

Loss Development Through March 31, 2006
Case Reserves: General Liability

2002	2003	2004	2005	2006
\$ 134,470	\$ 382,486	\$ 375,431	\$ 504,549	\$ 249,512
1,579,207	1,647,902	681,300	104,528	60,037
2,426,307	955,807	243,051	-	-
3,494,845	1,428,383	245,008	177,258	267,643
4,400,165	3,570,338	2,477,298	77,125	80,222
2,343,077	5,301,418	2,996,423	1,437,489	507,512
-	1,410,293	2,746,182	2,192,067	172,172
-	-	2,093,249	3,040,296	1,526,306
-	-	-	318,080	1,767,069
-	-	-	-	2,544,059
<u>\$ 14,378,071</u>	<u>\$ 14,696,627</u>	<u>\$ 11,857,942</u>	<u>\$ 7,851,392</u>	<u>\$ 7,174,532</u>

2002	2003	2004	2005	2006	Total
\$ (100,902)	\$ 248,016	\$ (7,055)	\$ 129,118	\$ (255,037)	\$ 249,512
(315,461)	68,695	(966,602)	(576,772)	(44,491)	60,037
(2,022,278)	(1,470,500)	(712,756)	(243,051)	-	-
1,240,736	(2,066,462)	(1,183,375)	(67,750)	90,385	267,643
1,693,714	(829,827)	(1,093,040)	(2,400,173)	3,097	80,222
2,343,077	2,958,341	(2,304,995)	(1,558,934)	(929,977)	507,512
-	1,410,293	1,335,889	(554,115)	(2,019,895)	172,172
-	-	2,093,249	947,047	(1,513,990)	1,526,306
-	-	-	318,080	1,448,989	1,767,069
-	-	-	-	2,544,059	2,544,059
<u>\$ 2,838,886</u>	<u>\$ 318,556</u>	<u>\$ (2,838,685)</u>	<u>\$ (4,006,550)</u>	<u>\$ (676,860)</u>	<u>\$ 7,174,532</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 2,485,839	\$ 5,925,259	\$ 9,130,858	\$ 9,734,551	\$ 8,690,136
1998	-	3,064,834	5,166,367	8,482,241	7,598,141
1999	-	-	1,654,226	4,098,965	5,972,448
2000	-	-	-	1,838,518	3,372,199
2001	-	-	-	-	3,080,071
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 2,485,839</u>	<u>\$ 8,990,093</u>	<u>\$ 15,951,451</u>	<u>\$ 24,154,275</u>	<u>\$ 28,712,995</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 2,485,839	\$ 3,439,420	\$ 3,205,599	\$ 603,693	\$ (1,044,415)
1998	-	3,064,834	2,101,533	3,315,874	(884,100)
1999	-	-	1,654,226	2,444,739	1,873,483
2000	-	-	-	1,838,518	1,533,681
2001	-	-	-	-	3,080,071
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 2,485,839</u>	<u>\$ 6,504,254</u>	<u>\$ 6,961,358</u>	<u>\$ 8,202,824</u>	<u>\$ 4,558,720</u>

Loss Development Through March 31, 2006
Reported Losses (Paid Losses Plus Case Reserves): General Liability

2002	2003	2004	2005	2006
\$ 8,533,774	\$ 8,775,096	\$ 8,768,741	\$ 8,912,213	\$ 8,531,229
7,409,167	7,524,077	7,290,838	6,785,068	6,604,077
4,393,881	3,091,554	2,394,561	2,356,353	2,345,725
6,128,721	4,914,822	3,796,806	3,740,781	3,823,600
5,342,045	6,088,331	6,299,519	4,811,638	4,821,943
2,431,579	5,695,930	6,466,872	5,483,064	5,517,836
-	1,524,160	3,068,642	4,662,624	4,177,987
-	-	2,190,187	3,281,237	2,765,112
-	-	-	377,096	2,007,321
-	-	-	-	2,663,434
\$ 34,239,167	\$ 37,613,970	\$ 40,276,166	\$ 40,410,074	\$ 43,258,264

2002	2003	2004	2005	2006	Total
\$ (156,362)	\$ 241,322	\$ (6,355)	\$ 143,472	\$ (380,984)	\$ 8,531,229
(188,974)	114,910	(233,239)	(505,770)	(180,991)	6,604,077
(1,578,567)	(1,302,327)	(696,993)	(38,208)	(10,628)	2,345,725
2,756,522	(1,213,899)	(1,118,016)	(56,025)	82,819	3,823,600
2,261,974	746,286	211,188	(1,487,881)	10,305	4,821,943
2,431,579	3,264,351	770,942	(983,808)	34,772	5,517,836
-	1,524,160	1,544,482	1,593,982	(484,637)	4,177,987
-	-	2,190,187	1,091,050	(516,125)	2,765,112
-	-	-	377,096	1,630,225	2,007,321
-	-	-	-	2,663,434	2,663,434
\$ 5,526,172	\$ 3,374,803	\$ 2,662,196	\$ 133,908	\$ 2,848,190	\$ 43,258,264

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 12,582,335	\$ 7,187,372	\$ 2,536,020	\$ 1,857,926	\$ 1,161,426
1998	-	9,440,708	6,402,237	2,947,240	910,731
1999	-	-	10,232,855	6,905,288	1,884,604
2000	-	-	-	10,507,665	8,477,386
2001	-	-	-	-	10,406,426
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 12,582,335</u>	<u>\$ 16,628,080</u>	<u>\$ 19,171,112</u>	<u>\$ 22,218,119</u>	<u>\$ 22,840,573</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 12,582,335	\$ (5,394,963)	\$ (4,651,352)	\$ (678,094)	\$ (696,500)
1998	-	9,440,708	(3,038,471)	(3,454,997)	(2,036,509)
1999	-	-	10,232,855	(3,327,567)	(5,020,684)
2000	-	-	-	10,507,665	(2,030,279)
2001	-	-	-	-	10,406,426
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 12,582,335</u>	<u>\$ 4,045,745</u>	<u>\$ 2,543,032</u>	<u>\$ 3,047,007</u>	<u>\$ 622,454</u>

* Incurred but not reported reserves are net of discount.

Loss Development Through March 31, 2006
*** Incurred But Not Reported Reserves: General Liability**

2002	2003	2004	2005	2006
\$ 540,558	\$ 88,413	\$ 43,856	\$ -	\$ -
415,607	166,224	193,249	1	-
228,304	228,304	111,616	-	-
5,182,432	2,198,979	690,871	2,292	-
6,544,467	3,125,000	752,986	716,173	104,899
10,322,820	6,016,199	1,519,375	1,272,407	144,318
-	11,677,864	7,447,160	2,582,624	768,380
-	-	11,502,856	7,106,447	1,945,946
-	-	-	11,840,056	6,259,538
-	-	-	-	8,374,846
<u>\$ 23,234,188</u>	<u>\$ 23,500,983</u>	<u>\$ 22,261,969</u>	<u>\$ 23,520,000</u>	<u>\$ 17,597,927</u>

2002	2003	2004	2005	2006	Total
\$ (620,868)	\$ (452,145)	\$ (44,557)	\$ (43,856)	\$ -	\$ -
(495,124)	(249,383)	27,025	(193,248)	(1)	-
(1,656,300)	-	(116,688)	(111,616)	-	-
(3,294,954)	(2,983,453)	(1,508,108)	(688,579)	(2,292)	-
(3,861,959)	(3,419,467)	(2,372,014)	(36,813)	(611,274)	104,899
10,322,820	(4,306,621)	(4,496,824)	(246,968)	(1,128,089)	144,318
-	11,677,864	(4,230,704)	(4,864,536)	(1,814,244)	768,380
-	-	11,502,856	(4,396,409)	(5,160,501)	1,945,946
-	-	-	11,840,056	(5,580,518)	6,259,538
-	-	-	-	8,374,846	8,374,846
<u>\$ 393,615</u>	<u>\$ 266,795</u>	<u>\$ (1,239,014)</u>	<u>\$ 1,258,031</u>	<u>\$ (5,922,073)</u>	<u>\$ 17,597,927</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006 Reported Claim Counts: General Liability

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	60	75	93	95	95	95	95	95	95	95
1998	-	33	56	69	75	75	75	75	75	75
1999	-	-	38	58	76	76	79	79	79	79
2000	-	-	-	32	50	53	63	63	63	63
2001	-	-	-	-	29	68	88	92	92	92
2002	-	-	-	-	-	40	66	73	73	73
2003	-	-	-	-	-	-	51	66	75	76
2004	-	-	-	-	-	-	-	32	54	59
2005	-	-	-	-	-	-	-	-	26	45
2006	-	-	-	-	-	-	-	-	-	40
Total	<u>60</u>	<u>108</u>	<u>187</u>	<u>254</u>	<u>325</u>	<u>407</u>	<u>517</u>	<u>575</u>	<u>632</u>	<u>697</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006
Closed Claim Counts: General Liability

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	24	54	76	86	92	93	94	94	94	94
1998	-	15	39	50	63	69	69	72	73	73
1999	-	-	29	40	53	73	78	78	79	79
2000	-	-	-	11	25	48	61	61	62	62
2001	-	-	-	-	18	70	80	83	90	91
2002	-	-	-	-	-	39	66	59	65	70
2003	-	-	-	-	-	-	45	47	64	73
2004	-	-	-	-	-	-	-	20	38	50
2005	-	-	-	-	-	-	-	-	15	32
2006	-	-	-	-	-	-	-	-	-	21
Total	<u>24</u>	<u>69</u>	<u>144</u>	<u>187</u>	<u>251</u>	<u>392</u>	<u>493</u>	<u>514</u>	<u>580</u>	<u>645</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 347	\$ 7,525	\$ 15,500	\$ 60,006	\$ 68,662
1998	-	4,742	12,033	63,754	97,471
1999	-	-	-	42,435	571,975
2000	-	-	-	74,725	287,836
2001	-	-	-	-	23,554
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 347</u>	<u>\$ 12,267</u>	<u>\$ 27,533</u>	<u>\$ 240,920</u>	<u>\$ 1,049,498</u>

Loss Payments During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 347	\$ 7,178	\$ 7,975	\$ 44,506	\$ 8,656
1998	-	4,742	7,291	51,721	33,717
1999	-	-	-	42,435	529,540
2000	-	-	-	74,725	213,111
2001	-	-	-	-	23,554
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 347</u>	<u>\$ 11,920</u>	<u>\$ 15,266</u>	<u>\$ 213,387</u>	<u>\$ 808,578</u>

Loss Development Through March 31, 2006
Paid Losses: Trunkline Liability

2002	2003	2004	2005	2006
\$ 69,605	\$ 70,416	\$ 77,471	\$ 83,999	\$ 508,313
97,471	97,471	97,471	97,471	106,528
573,153	573,653	573,653	573,653	584,716
458,075	537,268	1,025,976	1,034,734	1,050,344
80,610	85,464	109,786	664,379	666,889
34,539	54,235	76,479	209,392	381,353
-	30,169	34,380	85,756	452,605
-	-	71,493	182,888	618,065
-	-	-	5,123	124,814
-	-	-	-	33,000
\$ 1,313,453	\$ 1,448,676	\$ 2,066,709	\$ 2,937,395	\$ 4,526,627

2002	2003	2004	2005	2006	Total
\$ 943	\$ 811	\$ 7,055	\$ 6,528	\$ 424,314	\$ 508,313
-	-	-	-	9,057	106,528
1,178	500	-	-	11,063	584,716
170,239	79,193	488,708	8,758	15,610	1,050,344
57,056	4,854	24,322	554,593	2,510	666,889
34,539	19,696	22,244	132,913	171,961	381,353
-	30,169	4,211	51,376	366,849	452,605
-	-	71,493	111,395	435,177	618,065
-	-	-	5,123	119,691	124,814
-	-	-	-	33,000	33,000
\$ 263,955	\$ 135,223	\$ 618,033	\$ 870,686	\$ 1,589,232	\$ 4,526,627

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ -	\$ 6,509	\$ 242,913	\$ -	\$ -
1998	-	-	115,018	26,767	-
1999	-	-	-	-	-
2000	-	-	-	17,500	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 6,509</u>	<u>\$ 357,931</u>	<u>\$ 44,267</u>	<u>\$ -</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ -	\$ 6,509	\$ 236,404	\$ (242,913)	\$ -
1998	-	-	115,018	(88,251)	(26,767)
1999	-	-	-	-	-
2000	-	-	-	17,500	(17,500)
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 6,509</u>	<u>\$ 351,422</u>	<u>\$ (313,664)</u>	<u>\$ (44,267)</u>

Loss Development Through March 31, 2006
Case Reserves: Trunkline Liability

2002	2003	2004	2005	2006
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
42,564	87,129	32,585	-	-
-	11,000	-	-	-
-	-	-	-	-
-	-	-	966,084	-
-	-	-	373,988	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 42,564</u>	<u>\$ 98,129</u>	<u>\$ 32,585</u>	<u>\$ 1,340,072</u>	<u>\$ -</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
42,564	44,565	(54,544)	(32,585)	-	-
-	11,000	(11,000)	-	-	-
-	-	-	-	-	-
-	-	-	966,084	(966,084)	-
-	-	-	373,988	(373,988)	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 42,564</u>	<u>\$ 55,565</u>	<u>\$ (65,544)</u>	<u>\$ 1,307,487</u>	<u>\$ (1,340,072)</u>	<u>\$ -</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 347	\$ 14,034	\$ 258,413	\$ 60,006	\$ 68,662
1998	-	4,742	127,051	90,521	97,471
1999	-	-	-	42,435	571,975
2000	-	-	-	92,225	287,836
2001	-	-	-	-	23,554
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 347</u>	<u>\$ 18,776</u>	<u>\$ 385,464</u>	<u>\$ 285,187</u>	<u>\$ 1,049,498</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 347	\$ 13,687	\$ 244,379	\$ (198,407)	\$ 8,656
1998	-	4,742	122,309	(36,530)	6,950
1999	-	-	-	42,435	529,540
2000	-	-	-	92,225	195,611
2001	-	-	-	-	23,554
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 347</u>	<u>\$ 18,429</u>	<u>\$ 366,688</u>	<u>\$ (100,277)</u>	<u>\$ 764,311</u>

Loss Development Through March 31, 2006
Reported Losses (Paid Losses Plus Case Reserves): Trunkline Liability

2002	2003	2004	2005	2006
\$ 69,605	\$ 70,416	\$ 77,471	\$ 83,999	\$ 508,313
97,471	97,471	97,471	97,471	106,528
573,153	573,653	573,653	573,653	584,716
500,639	624,397	1,058,561	1,034,734	1,050,344
80,610	96,464	109,786	664,379	666,889
34,539	54,235	76,479	209,392	381,353
-	30,169	34,380	1,051,840	452,605
-	-	71,493	556,876	618,065
-	-	-	5,123	124,814
-	-	-	-	33,000
<u>\$ 1,356,017</u>	<u>\$ 1,546,805</u>	<u>\$ 2,099,294</u>	<u>\$ 4,277,467</u>	<u>\$ 4,526,627</u>

2002	2003	2004	2005	2006	Total
\$ 943	\$ 811	\$ 7,055	\$ 6,528	\$ 424,314	\$ 508,313
-	-	-	-	9,057	106,528
1,178	500	-	-	11,063	584,716
212,803	123,758	434,164	(23,827)	15,610	1,050,344
57,056	15,854	13,322	554,593	2,510	666,889
34,539	19,696	22,244	132,913	171,961	381,353
-	30,169	4,211	1,017,460	(599,235)	452,605
-	-	71,493	485,383	61,189	618,065
-	-	-	5,123	119,691	124,814
-	-	-	-	33,000	33,000
<u>\$ 306,519</u>	<u>\$ 190,788</u>	<u>\$ 552,489</u>	<u>\$ 2,178,173</u>	<u>\$ 249,160</u>	<u>\$ 4,526,627</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006 Reported Claim Counts: Trunkline Liability

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	4	4	6	10	10	10	10	10	10	10
1998	-	4	10	13	14	14	21	21	21	21
1999	-	-	-	5	5	8	15	15	15	15
2000	-	-	-	3	3	13	26	26	26	26
2001	-	-	-	-	2	9	22	22	22	22
2002	-	-	-	-	-	11	28	28	28	28
2003	-	-	-	-	-	-	18	20	23	23
2004	-	-	-	-	-	-	-	27	33	35
2005	-	-	-	-	-	-	-	-	20	25
2006	-	-	-	-	-	-	-	-	-	11
Total	<u>4</u>	<u>8</u>	<u>16</u>	<u>31</u>	<u>34</u>	<u>65</u>	<u>140</u>	<u>169</u>	<u>198</u>	<u>216</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006 Closed Claim Counts: Trunkline Liability

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	1	3	4	6	6	6	9	9	9	10
1998	-	4	8	13	14	14	21	21	21	21
1999	-	-	-	5	5	5	15	15	15	15
2000	-	-	-	1	1	1	19	25	26	26
2001	-	-	-	-	1	2	21	21	22	22
2002	-	-	-	-	-	-	20	24	28	28
2003	-	-	-	-	-	-	1	19	20	23
2004	-	-	-	-	-	-	-	18	28	32
2005	-	-	-	-	-	-	-	-	17	25
2006	-	-	-	-	-	-	-	-	-	11
Total	<u>1</u>	<u>7</u>	<u>12</u>	<u>25</u>	<u>27</u>	<u>28</u>	<u>106</u>	<u>152</u>	<u>186</u>	<u>213</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 76,624	\$ 215,204	\$ 262,318	\$ 266,408	\$ 258,908
1998	-	61,127	100,306	101,308	101,308
1999	-	-	227,835	291,465	657,559
2000	-	-	-	41,974	130,490
2001	-	-	-	-	12,448
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 76,624</u>	<u>\$ 276,331</u>	<u>\$ 590,459</u>	<u>\$ 701,155</u>	<u>\$ 1,160,713</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 76,624	\$ 138,580	\$ 47,114	\$ 4,090	\$ (7,500)
1998	-	61,127	39,179	1,002	-
1999	-	-	227,835	63,630	366,094
2000	-	-	-	41,974	88,516
2001	-	-	-	-	12,448
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 76,624</u>	<u>\$ 199,707</u>	<u>\$ 314,128</u>	<u>\$ 110,696</u>	<u>\$ 459,558</u>

Loss Development Through March 31, 2006
Paid Losses: Errors and Omissions

2002	2003	2004	2005	2006
\$ 258,908	\$ 258,908	\$ 258,908	\$ 258,908	\$ 280,949
101,308	101,308	101,308	101,308	103,433
720,690	817,935	765,164	765,164	765,164
130,490	130,490	130,490	130,490	130,490
206,081	377,528	378,056	378,056	378,056
21,346	83,412	182,429	182,429	182,429
-	25,108	112,414	128,319	138,370
-	-	13,898	227,612	227,887
-	-	-	44,027	97,656
-	-	-	-	208,420
<u>\$ 1,438,823</u>	<u>\$ 1,794,689</u>	<u>\$ 1,942,667</u>	<u>\$ 2,216,313</u>	<u>\$ 2,512,854</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ 22,041	\$ 280,949
-	-	-	-	2,125	103,433
63,131	97,245	(52,771)	-	-	765,164
-	-	-	-	-	130,490
193,633	171,447	528	-	-	378,056
21,346	62,066	99,017	-	-	182,429
-	25,108	87,306	15,905	10,051	138,370
-	-	13,898	213,714	275	227,887
-	-	-	44,027	53,629	97,656
-	-	-	-	208,420	208,420
<u>\$ 278,110</u>	<u>\$ 355,866</u>	<u>\$ 147,978</u>	<u>\$ 273,646</u>	<u>\$ 296,541</u>	<u>\$ 2,512,854</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 76,624	\$ 215,204	\$ 262,318	\$ 266,408	\$ 258,908
1998	-	61,127	100,306	101,308	101,308
1999	-	-	227,835	291,465	657,559
2000	-	-	-	41,974	130,490
2001	-	-	-	-	12,448
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 76,624</u>	<u>\$ 276,331</u>	<u>\$ 590,459</u>	<u>\$ 701,155</u>	<u>\$ 1,160,713</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 76,624	\$ 138,580	\$ 47,114	\$ 4,090	\$ (7,500)
1998	-	61,127	39,179	1,002	-
1999	-	-	227,835	63,630	366,094
2000	-	-	-	41,974	88,516
2001	-	-	-	-	12,448
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 76,624</u>	<u>\$ 199,707</u>	<u>\$ 314,128</u>	<u>\$ 110,696</u>	<u>\$ 459,558</u>

Loss Development Through March 31, 2006
Case Reserves: Errors and Omissions

2002	2003	2004	2005	2006
\$ 258,908	\$ -	\$ -	\$ -	\$ -
101,308	-	-	-	-
720,690	817,935	-	-	-
130,490	130,490	-	-	-
206,081	377,528	378,056	-	-
21,346	83,412	182,429	182,429	-
-	25,108	112,414	128,319	123,003
-	-	13,898	227,612	-
-	-	-	44,027	32,880
-	-	-	-	453,158
<u>\$ 1,438,823</u>	<u>\$ 1,434,473</u>	<u>\$ 686,797</u>	<u>\$ 582,387</u>	<u>\$ 609,041</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ (258,908)	\$ -	\$ -	\$ -	\$ -
-	(101,308)	-	-	-	-
63,131	97,245	(817,935)	-	-	-
-	-	(130,490)	-	-	-
193,633	171,447	528	(378,056)	-	-
21,346	62,066	99,017	-	(182,429)	-
-	25,108	87,306	15,905	(5,316)	123,003
-	-	13,898	213,714	(227,612)	-
-	-	-	44,027	(11,147)	32,880
-	-	-	-	453,158	453,158
<u>\$ 278,110</u>	<u>\$ (4,350)</u>	<u>\$ (747,676)</u>	<u>\$ (104,410)</u>	<u>\$ 26,654</u>	<u>\$ 609,041</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 153,248	\$ 430,408	\$ 524,636	\$ 532,816	\$ 517,816
1998	-	122,254	200,612	202,616	202,616
1999	-	-	455,670	582,930	1,315,118
2000	-	-	-	83,948	260,980
2001	-	-	-	-	24,896
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 153,248</u>	<u>\$ 552,662</u>	<u>\$ 1,180,918</u>	<u>\$ 1,402,310</u>	<u>\$ 2,321,426</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 153,248	\$ 277,160	\$ 94,228	\$ 8,180	\$ (15,000)
1998	-	122,254	78,358	2,004	-
1999	-	-	455,670	127,260	732,188
2000	-	-	-	83,948	177,032
2001	-	-	-	-	24,896
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 153,248</u>	<u>\$ 399,414</u>	<u>\$ 628,256</u>	<u>\$ 221,392</u>	<u>\$ 919,116</u>

Loss Development Through March 31, 2006
Reported Losses (Paid Losses Plus Case Reserves): Errors and Omissions

2002	2003	2004	2005	2006
\$ 517,816	\$ 258,908	\$ 258,908	\$ 258,908	\$ 280,949
202,616	101,308	101,308	101,308	103,433
1,441,380	1,635,870	765,164	765,164	765,164
260,980	260,980	130,490	130,490	130,490
412,162	755,056	756,112	378,056	378,056
42,692	166,824	364,858	364,858	182,429
-	50,216	224,828	256,638	261,373
-	-	27,796	455,224	227,887
-	-	-	88,054	130,536
-	-	-	-	661,578
\$ 2,877,646	\$ 3,229,162	\$ 2,629,464	\$ 2,798,700	\$ 3,121,895

2002	2003	2004	2005	2006	Total
\$ -	\$ (258,908)	\$ -	\$ -	\$ 22,041	\$ 280,949
-	(101,308)	-	-	2,125	103,433
126,262	194,490	(870,706)	-	-	765,164
-	-	(130,490)	-	-	130,490
387,266	342,894	1,056	(378,056)	-	378,056
42,692	124,132	198,034	-	(182,429)	182,429
-	50,216	174,612	31,810	4,735	261,373
-	-	27,796	427,428	(227,337)	227,887
-	-	-	88,054	42,482	130,536
-	-	-	-	661,578	661,578
\$ 556,220	\$ 351,516	\$ (599,698)	\$ 169,236	\$ 323,195	\$ 3,121,895

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 407,270	\$ 220,739	\$ 173,625	\$ -	\$ -
1998	-	371,270	332,091	216,850	-
1999	-	-	1,089,218	1,088,409	2,376,074
2000	-	-	-	461,491	383,623
2001	-	-	-	-	601,118
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 407,270</u>	<u>\$ 592,009</u>	<u>\$ 1,594,934</u>	<u>\$ 1,766,750</u>	<u>\$ 3,360,815</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 407,270	\$ (186,531)	\$ (47,114)	\$ (173,625)	\$ -
1998	-	371,270	(39,179)	(115,241)	(216,850)
1999	-	-	1,089,218	(809)	1,287,665
2000	-	-	-	461,491	(77,868)
2001	-	-	-	-	601,118
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 407,270</u>	<u>\$ 184,739</u>	<u>\$ 1,002,925</u>	<u>\$ 171,816</u>	<u>\$ 1,594,065</u>

Loss Development Through March 31, 2006
*** Incurred But Not Reported Reserves: Errors and Omissions**

2002	2003	2004	2005	2006
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,697,345	65,716	-	-	-
-	-	-	-	-
284,689	-	-	-	-
653,560	429,778	101,538	-	-
-	634,892	474,917	192,163	174
-	-	913,272	390,824	17,176
-	-	-	814,973	155,311
-	-	-	-	387,405
<u>\$ 2,635,594</u>	<u>\$ 1,130,386</u>	<u>\$ 1,489,727</u>	<u>\$ 1,397,960</u>	<u>\$ 560,066</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(678,729)	(1,631,629)	(65,716)	-	-	-
(383,623)	-	-	-	-	-
(316,429)	(284,689)	-	-	-	-
653,560	(223,782)	(328,240)	(101,538)	-	-
-	634,892	(159,975)	(282,754)	(191,989)	174
-	-	913,272	(522,448)	(373,648)	17,176
-	-	-	814,973	(659,662)	155,311
-	-	-	-	387,405	387,405
<u>\$ (725,221)</u>	<u>\$ (1,505,208)</u>	<u>\$ 359,341</u>	<u>\$ (91,767)</u>	<u>\$ (837,894)</u>	<u>\$ 560,066</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006 Reported Claim Counts: Errors and Omissions

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	20	20	20	20	20	20	20	20	20	20
1998	-	9	9	9	9	9	9	9	9	9
1999	-	-	9	9	9	9	9	9	9	9
2000	-	-	-	10	10	10	10	10	10	10
2001	-	-	-	-	8	9	10	10	10	10
2002	-	-	-	-	-	7	7	7	7	7
2003	-	-	-	-	-	-	5	5	5	5
2004	-	-	-	-	-	-	-	4	4	4
2005	-	-	-	-	-	-	-	-	9	9
2006	-	-	-	-	-	-	-	-	-	14
Total	<u>20</u>	<u>29</u>	<u>38</u>	<u>48</u>	<u>56</u>	<u>64</u>	<u>70</u>	<u>74</u>	<u>83</u>	<u>97</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006 Closed Claim Counts: Errors and Omissions

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	20	20	20	20	20	20	20	20	20	20
1998	-	5	9	9	9	9	9	9	9	9
1999	-	-	5	7	7	7	8	9	9	9
2000	-	-	-	7	9	10	10	10	10	10
2001	-	-	-	-	2	8	10	10	10	10
2002	-	-	-	-	-	2	5	6	7	7
2003	-	-	-	-	-	-	1	3	4	4
2004	-	-	-	-	-	-	-	-	3	4
2005	-	-	-	-	-	-	-	-	4	8
2006	-	-	-	-	-	-	-	-	-	4
Total	<u>20</u>	<u>25</u>	<u>34</u>	<u>43</u>	<u>47</u>	<u>56</u>	<u>63</u>	<u>67</u>	<u>76</u>	<u>85</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 116,131	\$ 201,766	\$ 239,813	\$ 239,813	\$ 239,813
1998	-	369,085	477,338	477,738	477,738
1999	-	-	266,920	430,928	430,928
2000	-	-	-	480,216	600,976
2001	-	-	-	-	421,261
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 116,131</u>	<u>\$ 570,851</u>	<u>\$ 984,071</u>	<u>\$ 1,628,695</u>	<u>\$ 2,170,716</u>

Loss Payments (Recoveries) During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 116,131	\$ 85,635	\$ 38,047	\$ -	\$ -
1998	-	369,085	108,253	400	-
1999	-	-	266,920	164,008	-
2000	-	-	-	480,216	120,760
2001	-	-	-	-	421,261
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 116,131</u>	<u>\$ 454,720</u>	<u>\$ 413,220</u>	<u>\$ 644,624</u>	<u>\$ 542,021</u>

Loss Development Through March 31, 2006
Paid Losses: Property

2002	2003	2004	2005	2006
\$ 239,813	\$ 239,813	\$ 239,813	\$ 239,813	\$ 617,571
477,738	477,738	477,738	477,738	465,077
430,928	430,928	430,928	430,928	432,078
600,476	600,100	600,100	600,100	600,100
491,082	492,152	564,492	564,492	562,873
458,361	824,102	824,102	824,102	653,131
-	1,364,013	1,746,352	1,746,352	1,499,219
-	-	965,445	1,271,491	1,142,751
-	-	-	748,957	1,201,691
-	-	-	-	923,647
<u>\$ 2,698,398</u>	<u>\$ 4,428,846</u>	<u>\$ 5,848,970</u>	<u>\$ 6,903,973</u>	<u>\$ 8,098,138</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ 377,758	\$ 617,571
-	-	-	-	(12,661)	465,077
-	-	-	-	1,150	432,078
(500)	(376)	-	-	-	600,100
69,821	1,070	72,340	-	(1,619)	562,873
458,361	365,741	-	-	(170,971)	653,131
-	1,364,013	382,339	-	(247,133)	1,499,219
-	-	965,445	306,046	(128,740)	1,142,751
-	-	-	748,957	452,734	1,201,691
-	-	-	-	923,647	923,647
<u>\$ 527,682</u>	<u>\$ 1,730,448</u>	<u>\$ 1,420,124</u>	<u>\$ 1,055,003</u>	<u>\$ 1,194,165</u>	<u>\$ 8,098,138</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 3,257,940	\$ 900,569	\$ -	\$ -	\$ -
1998	-	16	-	-	-
1999	-	-	101,785	-	-
2000	-	-	-	952,121	-
2001	-	-	-	-	11,499
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 3,257,940</u>	<u>\$ 900,585</u>	<u>\$ 101,785</u>	<u>\$ 952,121</u>	<u>\$ 11,499</u>

Change in Case Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 3,257,940	\$ (2,357,371)	\$ (900,569)	\$ -	\$ -
1998	-	16	(16)	-	-
1999	-	-	101,785	(101,785)	-
2000	-	-	-	952,121	(952,121)
2001	-	-	-	-	11,499
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 3,257,940</u>	<u>\$ (2,357,355)</u>	<u>\$ (798,800)</u>	<u>\$ 850,336</u>	<u>\$ (940,622)</u>

Loss Development Through March 31, 2006
Case Reserves: Property

2002	2003	2004	2005	2006
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
85,028	85,028	-	-	-
196,548	-	-	-	-
-	84,269	-	-	-
-	-	207,103	-	-
-	-	-	237,037	-
-	-	-	-	150,293
<u>\$ 281,576</u>	<u>\$ 169,297</u>	<u>\$ 207,103</u>	<u>\$ 237,037</u>	<u>\$ 150,293</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
73,529	-	(85,028)	-	-	-
196,548	(196,548)	-	-	-	-
-	84,269	(84,269)	-	-	-
-	-	207,103	(207,103)	-	-
-	-	-	237,037	(237,037)	-
-	-	-	-	150,293	150,293
<u>\$ 270,077</u>	<u>\$ (112,279)</u>	<u>\$ 37,806</u>	<u>\$ 29,934</u>	<u>\$ (86,744)</u>	<u>\$ 150,293</u>

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 3,374,071	\$ 1,102,335	\$ 239,813	\$ 239,813	\$ 239,813
1998	-	369,101	477,338	477,738	477,738
1999	-	-	368,705	430,928	430,928
2000	-	-	-	1,432,337	600,976
2001	-	-	-	-	432,760
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 3,374,071</u>	<u>\$ 1,471,436</u>	<u>\$ 1,085,856</u>	<u>\$ 2,580,816</u>	<u>\$ 2,182,215</u>

Incremental Losses Reported During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 3,374,071	\$ (2,271,736)	\$ (862,522)	\$ -	\$ -
1998	-	369,101	108,237	400	-
1999	-	-	368,705	62,223	-
2000	-	-	-	1,432,337	(831,361)
2001	-	-	-	-	432,760
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 3,374,071</u>	<u>\$ (1,902,635)</u>	<u>\$ (385,580)</u>	<u>\$ 1,494,960</u>	<u>\$ (398,601)</u>

Loss Development Through March 31, 2006
Reported Losses (Paid Losses Plus Case Reserves): Property

2002	2003	2004	2005	2006
\$ 239,813	\$ 239,813	\$ 239,813	\$ 239,813	\$ 617,571
477,738	477,738	477,738	477,738	465,077
430,928	430,928	430,928	430,928	432,078
600,476	600,100	600,100	600,100	600,100
576,110	577,180	564,492	564,492	562,873
654,909	824,102	824,102	824,102	653,131
-	1,448,282	1,746,352	1,746,352	1,499,219
-	-	1,172,548	1,271,491	1,142,751
-	-	-	985,994	1,201,691
-	-	-	-	1,073,940
\$ 2,979,974	\$ 4,598,143	\$ 6,056,073	\$ 7,141,010	\$ 8,248,431

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ 377,758	\$ 617,571
-	-	-	-	(12,661)	465,077
-	-	-	-	1,150	432,078
(500)	(376)	-	-	-	600,100
143,350	1,070	(12,688)	-	(1,619)	562,873
654,909	169,193	-	-	(170,971)	653,131
-	1,448,282	298,070	-	(247,133)	1,499,219
-	-	1,172,548	98,943	(128,740)	1,142,751
-	-	-	985,994	215,697	1,201,691
-	-	-	-	1,073,940	1,073,940
\$ 797,759	\$ 1,618,169	\$ 1,457,930	\$ 1,084,937	\$ 1,107,421	\$ 8,248,431

Michigan County Road Commission Self-Insurance Pool

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 103,636	\$ 8,544	\$ -	\$ -	\$ -
1998	-	90,444	16,619	-	-
1999	-	-	287,147	134,424	-
2000	-	-	-	132,672	32,470
2001	-	-	-	-	277,696
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 103,636</u>	<u>\$ 98,988</u>	<u>\$ 303,766</u>	<u>\$ 267,096</u>	<u>\$ 310,166</u>

Change in Incurred but not Reported Reserves During Year Ended March 31:

Accident Year	1997	1998	1999	2000	2001
1997	\$ 103,636	\$ (95,092)	\$ (8,544)	\$ -	\$ -
1998	-	90,444	(73,825)	(16,619)	-
1999	-	-	287,147	(152,723)	(134,424)
2000	-	-	-	132,672	(100,202)
2001	-	-	-	-	277,696
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
Total	<u>\$ 103,636</u>	<u>\$ (4,648)</u>	<u>\$ 204,778</u>	<u>\$ (36,670)</u>	<u>\$ 43,070</u>

Loss Development Through March 31, 2006
*** Incurred But Not Reported Reserves: Property**

2002	2003	2004	2005	2006
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,600	-	-	-	-
144,180	35,708	-	-	-
-	366,758	20,581	-	-
-	-	275,358	84,531	-
-	-	-	287,879	52,148
-	-	-	-	876,807
<u>\$ 149,780</u>	<u>\$ 402,466</u>	<u>\$ 295,939</u>	<u>\$ 372,410</u>	<u>\$ 928,955</u>

2002	2003	2004	2005	2006	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
(32,470)	-	-	-	-	-
(272,096)	(5,600)	-	-	-	-
144,180	(108,472)	(35,708)	-	-	-
-	366,758	(346,177)	(20,581)	-	-
-	-	275,358	(190,827)	(84,531)	-
-	-	-	287,879	(235,731)	52,148
-	-	-	-	876,807	876,807
<u>\$ (160,386)</u>	<u>\$ 252,686</u>	<u>\$ (106,527)</u>	<u>\$ 76,471</u>	<u>\$ 556,545</u>	<u>\$ 928,955</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006 Reported Claim Counts: Property

Evaluation as of March 31:

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	45	95	95	95	95	95	102	102	102	102
1998	-	66	89	89	89	89	89	89	89	89
1999	-	-	48	86	86	86	86	86	86	86
2000	-	-	-	53	80	80	80	80	80	80
2001	-	-	-	-	68	89	89	89	89	89
2002	-	-	-	-	-	77	120	120	120	120
2003	-	-	-	-	-	-	69	111	111	111
2004	-	-	-	-	-	-	-	106	125	125
2005	-	-	-	-	-	-	-	-	105	112
2006	-	-	-	-	-	-	-	-	-	100
Total	<u>45</u>	<u>161</u>	<u>232</u>	<u>323</u>	<u>418</u>	<u>516</u>	<u>635</u>	<u>783</u>	<u>907</u>	<u>1,014</u>

Michigan County Road Commission Self-Insurance Pool

Loss Development Through March 31, 2006
Closed Claim Counts: Property

Accident Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1997	38	82	85	99	99	100	102	102	102	102
1998	-	65	75	80	89	89	89	89	89	89
1999	-	-	38	79	86	86	86	86	86	86
2000	-	-	-	52	80	80	80	80	80	80
2001	-	-	-	-	67	67	74	89	89	89
2002	-	-	-	-	-	63	97	120	120	120
2003	-	-	-	-	-	-	65	111	111	111
2004	-	-	-	-	-	-	-	90	125	125
2005	-	-	-	-	-	-	-	-	84	112
2006	-	-	-	-	-	-	-	-	-	80
Total	<u>38</u>	<u>147</u>	<u>198</u>	<u>310</u>	<u>421</u>	<u>485</u>	<u>593</u>	<u>767</u>	<u>886</u>	<u>994</u>

Michigan County Road Commission Self-Insurance Pool

Aging of Receivables March 31, 2006

Members' receivables:

0 - 30	\$ 4,766
31-90	-
> 90	-

Total members' receivable	<u>\$ 4,766</u>
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Michigan County Road Commission Self-Insurance Pool

	1997	1998	1999	2000
Revenue				
Member contributions	\$ 15,149,791	\$ 14,759,107	\$ 14,793,180	\$ 14,386,635
Rental income	-	79,099	81,612	95,496
Total revenue	15,149,791	14,838,206	14,874,792	14,482,131
Expenses				
Provisions for claims:				
Payments	7,001,486	9,429,448	6,306,020	7,284,074
Increase in (reduction to) allowances for unsettled claims and claims incurred but not reported	(1,044,227)	(3,391,717)	(285,023)	(23,307)
Reinsurance and excess insurance premiums	4,272,028	4,308,984	4,184,576	3,928,497
Service fee	1,493,069	1,420,000	1,352,850	1,333,240
Administrative expenses:				
Salaries and wages	131,660	140,127	172,093	182,094
Taxes and insurance	12,132	14,160	15,826	17,350
Professional fees	105,289	170,622	136,295	133,285
Investment expenses	151,056	180,246	180,724	185,420
Office expenses	37,321	49,886	49,802	44,060
Rental expenses	60,764	100,369	120,666	99,476
Other	91,446	219,487	86,993	100,422
Total expenses	12,312,024	12,641,612	12,320,822	13,284,611
Excess of Revenue Over Expenses -				
Before other income (expense) and distributions to members	2,837,767	2,196,594	2,553,970	1,197,520
Other Income (Expense)				
Interest and dividend income	2,804,171	3,028,391	2,956,471	2,747,371
Realized and unrealized gains (losses) on investments	922,370	15,519,011	7,454,193	4,344,610
Rental income	82,290	-	-	-
Total other income (expense)	3,808,831	18,547,402	10,410,664	7,091,981
Excess of Revenue Over (Under) Expenses -				
Before distributions to members	6,646,598	20,743,996	12,964,634	8,289,501
Distributions to Members	1,601,280	3,228,006	11,006,953	17,000,000
Excess of Revenue Over (Under) Expenses	\$ 5,045,318	\$ 17,515,990	\$ 1,957,681	\$ (8,710,499)

**Comparative Schedule of Revenue and Expenses
Years Ended March 31, 1997 through March 31, 2006**

2001	2002	2003	2004	2005	2006
\$ 14,576,954	\$ 14,810,048	\$ 15,964,448	\$ 18,561,140	\$ 19,721,992	\$ 19,196,911
84,069	93,075	92,914	97,365	97,027	80,789
14,661,023	14,903,123	16,057,362	18,658,505	19,819,019	19,277,700
7,805,692	4,135,468	5,279,417	7,695,461	6,347,631	6,445,720
(1,254,000)	140,372	2,947,099	(450,726)	(649,511)	(4,939,259)
4,007,943	4,353,993	4,468,305	6,526,885	6,663,120	6,750,211
1,222,863	1,092,350	1,129,521	1,143,505	1,013,187	850,008
204,758	253,320	330,400	340,081	367,364	403,346
21,168	21,022	105,505	129,273	148,324	155,665
128,317	83,743	164,563	179,828	182,583	139,634
166,882	147,341	158,298	213,467	210,886	295,799
47,552	61,376	81,509	126,358	106,357	61,404
126,059	114,103	101,260	111,098	106,935	124,388
122,748	124,703	118,912	111,333	122,588	126,317
12,599,982	10,527,791	14,884,789	16,126,563	14,619,464	10,413,233
2,061,041	4,375,332	1,172,573	2,531,942	5,199,555	8,864,467
2,254,502	2,439,643	2,533,282	2,521,407	2,403,162	2,342,451
(6,752,565)	791,519	(7,101,535)	7,131,984	(694,600)	4,156,410
-	-	-	-	-	-
(4,498,063)	3,231,162	(4,568,253)	9,653,391	1,708,562	6,498,861
(2,437,022)	7,606,494	(3,395,680)	12,185,333	6,908,117	15,363,328
10,000,000	3,300,000	2,500,000	-	6,100,000	6,500,000
\$ (12,437,022)	\$ 4,306,494	\$ (5,895,680)	\$ 12,185,333	\$ 808,117	\$ 8,863,328

Michigan County Road Commission Self-Insurance Pool

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General liability	\$ 8,531,229	\$ 6,604,077	\$ 2,345,725	\$ 3,823,600
Trunkline liability	508,313	106,528	584,716	1,050,344
Errors and omissions	280,949	103,433	765,164	130,490
Property	<u>617,571</u>	<u>465,077</u>	<u>432,078</u>	<u>600,100</u>
Total reported losses	<u>\$ 9,938,062</u>	<u>\$ 7,279,115</u>	<u>\$ 4,127,683</u>	<u>\$ 5,604,534</u>

Loss Fund for the Ten-year Period Ended March 31, 2006

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 4,821,943	\$ 5,517,836	\$ 4,177,987	\$ 2,765,112	\$ 2,007,321	\$ 2,663,434
666,889	381,353	452,605	618,065	124,814	33,000
378,056	182,429	261,373	227,887	130,536	661,578
<u>562,873</u>	<u>653,131</u>	<u>1,499,219</u>	<u>1,142,751</u>	<u>1,201,691</u>	<u>1,073,940</u>
<u>\$ 6,429,761</u>	<u>\$ 6,734,749</u>	<u>\$ 6,391,184</u>	<u>\$ 4,753,815</u>	<u>\$ 3,464,362</u>	<u>\$ 4,431,952</u>

Michigan County Road Commission Self-Insurance Pool

Claim Activity for the Ten-year Period Ended March 31, 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General liability	95	75	79	63	92	73	76	59	45	40
Trunkline liability	10	21	15	26	22	28	23	35	25	11
Errors and omissions	20	9	9	10	10	7	5	4	9	14
Property	<u>102</u>	<u>89</u>	<u>86</u>	<u>80</u>	<u>89</u>	<u>120</u>	<u>111</u>	<u>125</u>	<u>112</u>	<u>100</u>
Total	<u>227</u>	<u>194</u>	<u>189</u>	<u>179</u>	<u>213</u>	<u>228</u>	<u>215</u>	<u>223</u>	<u>191</u>	<u>165</u>
Claims settled in full	226	192	189	178	212	225	211	211	177	116
Claims pending	<u>1</u>	<u>2</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>4</u>	<u>12</u>	<u>14</u>	<u>49</u>
Total	<u>227</u>	<u>194</u>	<u>189</u>	<u>179</u>	<u>213</u>	<u>228</u>	<u>215</u>	<u>223</u>	<u>191</u>	<u>165</u>
Number of members	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>	<u>74</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>79</u>	<u>79</u>

Michigan County Road Commission Self-Insurance Pool

**Demographic Data
March 31, 2006**

Total number of members	79
Total property value	\$ 489,214,273
Total number of private passenger vehicles	1,589
Total number of trucks	3,399
Total number of trailers	855
Total miles of streets	81,712
Total population	5,761,366

Michigan County Road Commission Self-Insurance Pool

Scope of Coverages

Liability:

- Comprehensive general liability
- Public officials liability
- Liquor liability
- Contractual liability
- Umbrella liability
- Auto liability

Property:

- Comprehensive
- Collision
- Buildings
- Contents
- Construction equipment
- Inventories
- EDP

Crime:

- Money and securities
- Employee fidelity
- Depositors forgery